

# MERTHYR TYDFIL COLLEGE LIMITED

England & Wales · Charity number 1140289

## Details

|                |                                                         |
|----------------|---------------------------------------------------------|
| Status         | Registered                                              |
| Legal form     | Charitable company                                      |
| Company number | <a href="#">06671721</a>                                |
| Registered     | 2011-02-08                                              |
| Register       | <a href="#">View on the Charity Commission register</a> |

## Contact

|         |                                                                                          |
|---------|------------------------------------------------------------------------------------------|
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| Website | <a href="http://www.merthyr.ac.uk">www.merthyr.ac.uk</a>                                 |

## Activities

**Objects:** THE OBJECTS OF THE COLLEGE SHALL BE TO ADVANCE EDUCATION, LEARNING AND KNOWLEDGE FOR THE PUBLIC BENEFIT INCLUDING BUT WITHOUT PREJUDICE TO THE GENERALILTY THEREOF TO CARRY ON THE INSTITUTION KNOWN AS MERTHYR TYDFIL COLLEGE.

**Activities:** The College provides education and training, and is committed to equality of opportunity and increasing access and participation rates.

## Classification

- **How:** Provides Services
- **What:** Education/training
- **Who:** Children/young People, People With Disabilities, The General Public/mankind

## Geography

- **Area of benefit:** MERTHYR TYDFIL, WALES
- Merthyr Tydfil

## Finances

| Period end | Income      | Expenditure | Assets      | Employees |
|------------|-------------|-------------|-------------|-----------|
| 2025-07-31 | £19,136,000 | £17,729,000 | £15,785,000 | 212       |
| 2024-07-31 | £17,595,000 | £16,238,000 | £14,440,000 | 216       |
| 2023-07-31 | £17,889,000 | £16,715,000 | £13,113,000 | 229       |
| 2022-07-31 | £17,161,000 | £16,383,000 | £8,984,000  | 220       |
| 2021-07-31 | £16,245,000 | £15,284,000 | £754,000    | 213       |
| 2020-07-31 | £14,301,000 | £14,011,000 | £-778,000   | 219       |

## Trustees

| Name                                 | Role | Appointed  |
|--------------------------------------|------|------------|
| Alexandra Strong                     |      | 2025-07-07 |
| Catherine Siobhan Cole               |      | 2025-08-01 |
| Daniel Robert Tromans                |      | 2025-05-01 |
| Dr Alessandro Ceccarelli             |      | 2024-08-01 |
| Ian Morgan                           |      | 2023-08-01 |
| Lisa Thomas                          |      | 2018-11-05 |
| Louise Elizabeth Evans               |      | 2023-11-27 |
| Matthew Anthony Morgan Dicks         |      | 2024-08-01 |
| Peter Spencer Reason                 |      | 2025-08-01 |
| Professor Osama Shafique Minhaz Khan |      | 2026-05-04 |
| Sasha Elise Alma Phillips            |      | 2025-08-01 |
| Susan Walker                         |      | 2023-08-01 |

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# Accounts

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**Y Coleg  
Merthyr Tudful  
The College  
Merthyr Tydfil**

**Merthyr Tydfil College Limited**

**Coleg Merthyr Tudful Cyfyngedig**

**Annual Report and Financial  
Statements for the year ended  
31<sup>st</sup> July 2025**

# **Merthyr Tydfil College Limited**

## **Annual Report and Financial Statements for the year ended 31 July 2025**

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## Strategic Report for the year ended 31 July 2025

The directors present their strategic report and the audited financial statements of The College Merthyr Tydfil (known as 'the Company' or 'the College') for the year ended 31 July 2025. The financial statements have been prepared to comply with the Companies Act 2006 and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019, the Financial Reporting Standards (FRS 102) and in accordance with the Accounts Direction for Further Education Colleges in Wales 2024/25

### Principal activities

The College is a wholly owned subsidiary of the University of South Wales (USW) and the principal activities are the provision of further education, higher education, work based learning, professional training, consultancy and the delivery of Government initiatives to industry.

### Business review and future developments

In 2024 the Board developed a new five-year strategic plan which sets out our Vision, Mission and Strategic Priorities for 2030.

The college recognises that the period covered by this Strategic Plan will be a time of change, challenge and opportunity due to advances in technology and the transition to net zero. The College must continue to be an engine of social mobility, preparing our learners not only for the jobs of today but also for those that will exist in the future. Our exciting plans for a new Sustainable Technology Centre will provide state of the art facilities to support the development of the skills that will be so vital for economic growth, making our learners highly sought after by employers, universities and the community. The centre will also promote further collaboration with key employers and make the borough more appealing to inward investors. This strategy is ambitious but, given the excellent position the College is in, with its team of inspiring teachers and support colleagues, we feel that it is more than achievable.

Underpinning the Strategic Vision and Mission, the college has identified four key strategic priorities:

- **Our People and Culture** - We will provide a welcoming, safe, inclusive and supportive environment for all to thrive, work and study.
- **Our Learning Experience** - We will place our learners at the centre of everything we do, providing a learning experience that is inspirational, creating inclusive and innovative and exposing them to a culture of curiosity, collaboration and challenge.
- **Our Place in the Community** - We will work in collaboration with external partners to drive forward economic, social and cultural change, supporting the future wellbeing and prosperity of the communities we serve.
- **Our Resources and Environment** - We will remain a financially sustainable, socially ethical and resilient organisation, providing a sustainable environment which is equipped for the delivery of high quality and responsive learning.

### Curriculum developments

The College works in partnership with local schools, the local authority, employers and the South East Wales Regional Partnership to offer an innovative, distinctive, high quality curriculum that raises aspirations and transforms lives. The College curriculum provides industry relevant, employer focussed courses and qualifications with appropriate progression pathways for learners of all abilities and ages to succeed and progress on to higher level learning, apprenticeships or employment.

### Strategic report for the year ended 31 July 2025 (continued)

The college's Curriculum Portfolio Group together with representation on the Merthyr Tydfil Business Education Together Partnership Group provides an effective platform for employers and local community representatives to feed into curriculum development and delivery. This feedback, together with the use of detailed Lightcast (Economic Modelling Specialist International) labour market intelligence data, has enabled the college to bring together and triangulate local school planning data, labour market intelligence and employer feedback to ensure that our curriculum is both demand-led and inclusive whilst also responding to industry and economic need. This has resulted in the successful introduction of new industry relevant courses and pathways to support key regional skills priority areas, including Cyber, Digital, Construction and Built Environment and Green and sustainable technologies.

In 2022, the college also introduced a new lower-level Vocational pathways course to bridge gaps in provision and extend the choices available to learners. This has proved very popular, with numbers enrolling on this course increasing year on year (84 learners enrolling on the course in 2025, comparison to 72 learners enrolling on the course for 2024)

Moving forward, the college has developed a Curriculum Strategy for 2025-2027, which underpins and supports the college's overall strategic plan. This strategy sets out ten key priorities:

1. Develop an industry recognised 'Sustainable Centre of Excellence in Advanced Manufacturing and Built Environment'
2. Become recognised as a leading 'Digital and Media Centre of Excellence'
3. Strengthen our status and reputation as a 'Top Performing A level Academy'
4. Increase the volume of courses and learning opportunities provided through the medium of Welsh, with a specific focus on key sector priority areas.
5. Consolidate and streamline our level 1 and level 2 provision to provide a solid foundation and progression pathway into a variety of level 2 and 3 courses
6. Enhance and promote the employability, enterprise and enrichment aspects, skills and experience on offer for each course, with a key focus on introducing an element of work/industry experience linked to key employers and organisations across all courses
7. Consolidate and enhance the 'brand' and perception of key traditional courses/subject areas to maximise recruitment
8. Explore the opportunity to broaden the range of apprenticeship and Occupational Qualifications in the Workplace programmes on offer to include sectors such as Electrical Installation, Construction, Advanced Manufacturing and Construction, Cyber/IT and Health and Care.
9. Develop an industry relevant, employer –focussed and accessible part-time provision that complements the priorities and objectives arising from the Welsh Government's Part-time priorities, apprenticeship strategy, employability plan and regional skills partnerships, enhances skills growth and contributes positively to the economy of Merthyr Tydfil, the Heads of the Valleys and Cardiff City region, whilst also addressing local community priorities and needs.
10. Enhance the college's reputation as a 'local higher education provider/Lifelong learning Centre' through the provision of an enhanced portfolio of HE and Level 4 + Professional programmes, including flexible programmes to suit learner need

As part of the college's longer-term Curriculum strategy, work is also ongoing with the Merthyr Tydfil Local Authority and secondary schools to map progression pathways and routes in response to the new Made-for-Wales GCSEs, which are being taught in schools across Wales from this September 2025 and also examine new 14-16 pathways in line with the new VCSEs, which will be rolled out from September 2027.

### Strategic report for the year ended 31 July 2025 (continued)

#### Partnerships

The college has strong partnership links with local schools, with 83% of the year 11 pupils progressing to the college in September 2025 (2024: 83%, 2023: 80%). This is further enhanced through a comprehensive school transition programme, including taster days, open evenings, Have A Go Events, attendance at year 11 assemblies and parents evenings and school based subject talks. New for 2023-2024, the college introduced a 'Get Ready for College Hub' at each of the four Merthyr Tydfil Secondary schools and also at Idris Davies 3-18 school based in Rhymney. Aimed at providing a one-stop shop for pupils and parents to drop in to for advice and guidance around courses and support at college, these Hubs have proved very successful, leading to increased applications and enrolments into the college and supporting the achievement of full-time further education recruitment and funding targets over the last two years.

During 2024-2025, the college continued to build upon its excellent relationships with local employers, engaging with over 250 employers and progression partners across the year to drive forward college provision, work experience placements and volunteering opportunities, employability advice and guidance, employer engagement projects, provision of part-time training and development through both our part-time funding and PLA route, careers talks and virtual careers fairs, progression and taster events. Key employers engaged with include, Tilbury Douglas, General Dynamics, Tenneco, Cyber First Schools, Saffron Seats, BBC Cymru, Panasonic, Tenneco, Creative Wales, Barclays, Cwm Taf Health Board, Valleys Construction, Active Merthyr, Table Tennis Wales, Cyber Cymru Wales, Royal College of Nursing Cadet Scheme, Bridewell, Dwr Cymru and CCR Energy. Work has also been undertaken to engage with Trydan Gwyrdd, Merthyr Valleys Homes, and Cynon Taf Housing to drive forward further provision in key sector skills priority areas, including Green and Sustainable Technology and Energy, Digital and Cyber and Construction. This will enable learners to further develop their skills and qualifications and progress into higher paid roles in these areas and support the delivery of green and sustainable training and courses, a key priority area for Medr.

Looking ahead towards 2025-2026, the college is working in partnership with Fintech Wales to launch a new Fintech Academy for Business and IT learners and also working with General Dynamics to launch a new Engineering Academy. Working with our partner employers, the college also has plans to further expand work experience placements for learners to enhance their work experience and employability skills, particularly where they are seeking to progress directly into employment or an apprenticeship at the end of their studies at the college. Key areas where this will be taken forward include Construction with Tilbury Douglas.

#### Learner Voice

The College conducts annual first experience and learner voice surveys, which seek views on teaching and learning quality, student experience, assessment and feedback, learner support, learner voice and other key quality indicators. Outcomes of our 2024/2025 surveys indicate that 97% of further education learners were satisfied with their learning experience at college (2023/2024:99%).

Higher Education (HE) learners also take part in the annual National Student Survey. The NSS Survey highlighted that 83% of HE learners were satisfied with their experience at college during 204/2025.

Feedback from the surveys is used alongside the outcomes of learner focus groups to improve and develop college courses, learner support, enrichment and general college life to enhance the student experience. Feedback is discussed with the learners themselves and staff with resultant actions communicated back to learners through a variety of mechanisms, including You Said, We Did campaigns.

## Strategic report for the year ended 31 July 2025 (continued)

### Financial Strategy

The Financial Strategy is designed to ensure the long-term viability and sustainability of the College. The strategy is aligned to the annual College Budget, Strategic Plan and Curriculum Planning process. It will provide direction to the Estates and IT Strategy and will seek to outline the capital funding direction. The Strategy will describe the financial objectives of the College whilst providing the framework for the development of future years' plans alongside assessing uncertainties to minimise impact, ensuring financial sustainability.

Pressures on the budget will be exacerbated, with uncertainties around funding levels combined with external pressures such as inflation on non-staff costs and utilities. Over the past five years the college has reviewed its staff structure to reduce costs and increase efficiency but will still need to account for increasing pension costs, increasing pay costs due to incremental drift, apprenticeship levy and unpredictable cost of living rises.

### Financial Monitoring

Financial monitoring and reporting is critical to supporting the delivery of the College's Financial Strategy. This Strategy confirms the institutions commitment to maintain solvency and to generate sufficient funds for investment and the financing of ongoing activity. To monitor the implementation of the strategy an appropriate reporting system is required. Monthly management accounts are prepared and are reported internally and also submitted to the University of South Wales(USW). Within these reports all substantial variances will be explained following a discussion with the Budget Holder and the expected outturn for the year is monitored and reported.

On a quarterly basis the financial position is reported internally to College Executive and Management Team, to the Board of Directors and to USW the parent company for consolidation purposes. The report will contain an Income and Expenditure Account, including commentary on performance a forecast of the outturn for the financial year, a balance Sheet and a Cash Flow Forecast. The Governing Body will also assess the financial returns submitted by the College each year audited financial statements, a financial forecast mid year return along with the financial strategy.

### Reserves

The college is aware of the need to secure its viability beyond the immediate future. The college recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support its core activities and to invest for its future needs. The reserves which the college retains can be categorised as follows:

Capital Reserves – To provide funds to meet the current and future capital spend requirements.

Strategic Reserve – To meet the cost requirements of strategic initiatives as per the college strategic plan and the Financial Strategy. It is the colleges intention to continue to increase reserves through the generation of annual operating surpluses.

### Going Concern

The activities of the College along with the key factors likely to affect further performance are set out in this report. The financial position of the College, its cash flow and liquidity are presented in the Financial Statements and accompanying notes. In assessing whether the going concern basis is appropriate the Directors have considered the College's expected future cash flows and are satisfied that the College has adequate resources to continue in operational existence for a minimum of 12 months from the date of the signing of the financial statements.

### Key Performance Indicators

The following five key performance indicators (KPIs) are relevant when assessing performance for the year:

- i) Surplus - £1,407k (2024: £1,357K)
- ii) Year-end cash position - £9,875K (2023: £9.427K)
- iii) Current ratio – 3.34 (2024: 3.24)
- iv) Learner Voice – 97% overall FE satisfaction for 2024/2025, 83% overall HE satisfaction for 2024/2025
- v) Learner Outcomes – 99% A level success rate, vocational success rates for 2024/2025 are not yet available

## Strategic report for the year ended 31 July 2025 (continued)

**Student numbers:** For the academic year 2024/25 the college had 2,821 Further Education students (1839 on full-time courses and 982 on part-time courses). In addition, we had 159 learners on HE courses. This compares to 2201 in 2023/2024 with 1636 on full-time courses and 565 on part-time courses and 175 Higher Education students (134 full-time and 41 part-time). As in previous years these numbers, particularly on part time/higher education provision, have been adversely affected due to tuition fees, a buoyant employment market and a higher number of learners seeking to progress into apprenticeships or employment.

**Quality:** Student performance in 2024-25 remained strong, particularly at Level 3 and A2. A2 performance at A\*-C improved despite the grade boundaries returning to pre-pandemic levels. Outcomes at Level 1 have improved significantly as have ESW qualifications. Appropriate support and intervention was introduced as a result of robust quality processes including Quality Boards and Quality Weeks which scrutinised classroom practice, feedback, learner progress, attendance and course completion rates. This balance of challenge and support will continue in the 2025-2026 academic year.

**Health & Safety:** The most recent audit conducted by USW, demonstrated a comprehensive approach to the management of Health and Safety, this was conducted adopting the HASMAP standards. The College has an action plan to address any shortcomings/areas for improvement identified in the audit reports. An update is provided at each Board meeting along with a review of progress against the action plan.

### Subsidiary Company

On the 1st August 2019 the College acquired Tydfil Training Consortium Ltd (TTC Ltd), a charitable company engaged primarily in the delivery of the Welsh Governments Work Based Learning programme. TTC Ltd had turnover for the year ended July 31 2025 of £2,199K (2024 £2,110k). For reporting purposes, these are consolidated by USW. Since acquisition, the College and TTC Ltd management teams have been working together to maximise the benefits available to both parties and the community at large, by combining resources and skills. This will give the greatest potential to maximise the offer from opportunities, such as the UK Government's Shared Prosperity Fund.

## Principal risks and uncertainties

Outlined below are the principal risks facing the College. Not all the factors are wholly within the College's control. Other factors besides those listed below may also adversely affect the College.

### Government funding

The College relies considerably on continued government funding. In 2025 88% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College mitigates the risk by:

- Ensuring that it continues to explore opportunities to diversify income
- Delivering a curriculum that is responsive to the needs of the local community whilst also supporting Regional priority sectors and future skills needs
- Constantly monitoring its recruitment position and modelling the impact on future years funding
- Maintaining a key focus on its quality profile to maintain and enhance its excellent reputation and be the college of choice for learners, parents and employers alike.
- Maintaining and continuing to build partnerships with schools, employers and the business community
- Being responsive to any funding intelligence in a timely manner

### Financial Sustainability

The College will continue to explore alternative sources of income both in collaboration with partners and in its own right. This risk is mitigated in a number of ways:

- Funding is derived through a number of direct contractual arrangements;
- Expansion of higher education under MEDR's widening access agenda,
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies; and
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.

### **Strategic report for the year ended 31 July 2025 (continued)**

The ongoing impact of the coronavirus pandemic along with the cost of living challenge has created ongoing uncertainty and disruption to both the economy and education. This has resulted in a number of financial and operational challenges. The College is monitoring the rise on utility costs and looking for ways to improve efficiency, along with close monitoring on the inflationary impact on consumables. This is being considered for the short, medium and long term.

#### **Risk management**

The College is committed to exhibiting best practice in all areas of risk management and corporate governance, fully adhering to the principles set out in the Governance Code of Practice and General Principles.

The College's Board of Directors is responsible for the 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 can only provide reasonable and not absolute assurance against material misstatement or loss.

The College maintains a risk register which considers business, operational, compliance and financial risks. The register is regularly reviewed by senior management, and the College's risk management process is consolidated into the University of South Wales (parent entity) whose internal control guidance adheres to the combined code as amended by the British Universities Finance Directors Group.

The Board of Directors met four times during the reporting period. 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. The 2024-25 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 2025-26.

As part of the University of South Wales group financial risk management and internal control framework, as highlighted in the financial statements of the University of South Wales, the College has undertaken work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the College Executive (the senior management team) undertakes a comprehensive review of the risks to which the College is exposed. The College Executive identify systems and procedures, including specific preventative actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review effectiveness and progress against risk mitigation actions. In addition to the annual review, the College Executive will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College which is reviewed four times a year by the Board of Directors. The risk register outlines the risks associated with each of the College strategic priorities, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Each of the risks align to one of the four key strategic priorities – Our Learning Experience, Our People and Culture, Our Place in the Community and our Resources and Environment. The risks and associated actions identified within the register are fundamental to ensuring that the College is aware of all risks to achieving its priorities. Risks are prioritised using a consistent scoring system.

The College as part of the University of South Wales Group, 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.

This has been in place for the year ended 31 July 2025 and in place up to the date of approval of the Financial Statements.

# Merthyr Tydfil College Limited

## Strategic report for the year ended 31 July 2025 (continued)

### Carbon Emissions Report 2024/2025

Consolidation Approach: Operational Control – Reporting Period: 01<sup>st</sup> August 2024 – 31<sup>st</sup> July 2025

|                                                                                                                | 2024/25       | 2023/24       |
|----------------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>SCOPE 1</b>                                                                                                 |               |               |
| <b>DIRECT EMISSIONS (e.g. Mains Gas, Combustion sources, Company vehicles and Refrigerant)</b>                 |               |               |
| Total (tonnes) Tco2E                                                                                           | 180.62        | 191.20        |
| <b>SCOPE 2</b>                                                                                                 |               |               |
| <b>ENERGY INDIRECT (e.g. Company Owned EV, Mains Electricity, Renewable Electricity)</b>                       |               |               |
| Total (tonnes) Tco2E                                                                                           | 180.90        | 262.80        |
| <b>SCOPE 2</b>                                                                                                 |               |               |
| <b>OTHER INDIRECT (e.g. Waste, WFH, Commuting, Business, Travel &amp; Hotels, Inbound/Outbound Deliveries)</b> |               |               |
| Total (tonnes) Tco2E                                                                                           | 410.38        | 275.70        |
| <b>TOTAL EMISSIONS</b>                                                                                         | <b>771.90</b> | <b>729.70</b> |

### Qualification and reporting methodology

In 2024/2025, the College engaged the services of Carbon Neutral Britain to assist with the preparation of the Carbon Emissions Report. The layout of the report has been created in a different format from last year and the College has converted the data from last year into this format.

As mentioned, the College partnered with Carbon Neutral Britain to undertake this piece of work, plus identify and offset the organisation's environmental data. The offsetting in relation to becoming carbon neutral was calculated at £7,178 (£7.75 per tCO<sub>2</sub>e). The College opted to support the Climate Fund of renewable projects around the world.

Omitted from this year's data collection was Working from Home (WFH) and Commuting, as this data was not captured during the reporting period. These categories will be included in the 2025/2026 emissions report.

### Intensity Measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO<sub>2</sub>e per pupil, the recommended ratio for the sector.

### Measures taken to improve energy efficiency

The college has a commitment to maintaining an environmentally sustainable, supportive and technologically innovative institution. The building and water is heated by gas along with a biomass system. The College has PV solar panels installed on the roof of the main building and workshops. There are no further plans to expand due to limited roof space.

The majority of traditional lighting in the main building has been replaced with LED, along with a number of areas in the workshop blocks. During 2024/2025 the LED project was extended into the storerooms and plant rooms and the outstanding areas within the workshop blocks.

The 2024/2025 period has seen a significant shift in the area of Waste Disposal. There has been improved waste stream separation and in turn improved data to work with for inclusion within this report.

# Merthyr Tydfil College Limited

## Directors' report for the year ended 31 July 2025

### Directors and their interests

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:

|                            |                                                                      |       |
|----------------------------|----------------------------------------------------------------------|-------|
| Mr Stephen Forster*        | Appointed 1 August 2023 (Chair from 1 August 2024)                   |       |
|                            | Resigned 31 December 2024                                            | (1/1) |
| Mr Ian Morgan*             | Appointed 1 August 2023 (Chair from 10 February 2024)                | (3/4) |
| Dr Ben Calvert             | Appointed 1 September 2021 (ex officio)                              | (4/4) |
| Mrs Lisa Thomas            | Appointed 21 September 2018 (ex officio) Principal / Chief Executive | (4/4) |
| Ms Angela Powell           | Appointed 17 October 2022 Staff Director (Resigned 10 March 2025)    | (0/2) |
| Ms Sandra Parkitna         | Appointed 27 November 2023 Student Director (Resigned 31 July 2025)  | (3/4) |
| Mrs Lucy FitzGerald        | Appointed 7 January 2022 Company Secretary                           | (4/4) |
| Mrs Susan Walker*          | Appointed 1 August 2023                                              | (3/4) |
| Mrs Louise Evans*          | Appointed 27 November 2023                                           | (4/4) |
| Mr Matthew Dicks*          | Appointed 1 August 2024                                              | (4/4) |
| Mr Alessandro Ceccarelli*  | Appointed 1 August 2024                                              | (3/4) |
| Mr Daniel Tromans*         | Appointed 1 May 2025                                                 | (1/1) |
| Ms Alexandra Strong        | Appointed 7 July 2025 Staff Director                                 |       |
| Ms Sasha Phillips          | Appointed 1 August 2025 Student Director                             |       |
| Ms Catherine Siobhan Cole* | Appointed 1 August 2025                                              |       |
| Mr Peter Reason*           | Appointed 1 August 2025                                              |       |

\*non-executive directors

( ) Attendance information is provided for members serving during the year ended 31 July 2025, expressed as the number of meetings of the Board of Directors attended out of a total number of meetings the member was due to attend.

The members of the College Executive normally in attendance at meetings of the Board of Directors are:

Vice Principal Resources & Chief Operating Officer, Vice Principal Curriculum & Quality.

No payments have been made to or on behalf of the above with the exception of Mrs Lisa Thomas (Principal / Chief Executive / Accounting Officer) whose remuneration is disclosed in Note 4, and Ms Angela Powell (Staff Director) and Ms Alexandra Strong (Staff Director)

### Directors' Appointment

Four new members were appointed to the Board of Directors in the 2024/25 academic year, three of which were appointed via an external search exercise. Appointments were approved by the USW Board of Governors as the College's member. Three new members joined the Board from 1 August 2025, two of which were appointed via an external search exercise.

### Training and Development

During the year, College Directors were provided with details of training sessions run by Colegau Cymru.

### Directors Indemnities

The company purchased and maintained throughout the financial year directors' and officers' liability insurance.

This was also in force at the date of approval of the annual report and financial statements.

## **Directors' report for the year ended 31 July 2025 (continued)**

### **Dividends**

The company is limited by guarantee. The directors do not recommend the payment of a dividend in respect of the year ended 31 July 2025 (2024 – nil)

### **Statement of Corporate Governance and Internal Control**

The College is committed to exhibiting best practice in all aspects of corporate governance. This statement describes the manner in which the College has due regard to the principles set out in the UK Corporate Governance Code 2018. Its purpose is to help the reader of the annual report and financial statements understand how the principles have been applied. The Boards of Directors of the College is responsible to the Board of Governors of the University which is the sole 'member' of the corporation. The committees of the Board of Governors of the University act as committees for the Boards of Directors of the College as appropriate.

### **Summary of the College's Structure of Corporate Governance**

The College's Board comprises of directors appointed in accordance with the Articles of Government. The roles of the Chair and Deputy Chair of the Board are separated from the role of the Principal (as Chief Executive). Those matters specifically reserved to the Board for decision are set out in the Articles of Government of the College. The Board holds to itself the responsibilities for the ongoing strategic direction of the College, the effective and efficient use of resources and the approval of major developments and receives regular reports from senior management.

The Board meets four times a year and is represented at the University of South Wales Group Committees (Finance and Resources, Human Resources and Audit). In addition, a Culture, People and Values Committee makes recommendations to the Board on membership and the remuneration of senior management.

The Finance and Resources Committee considers and advises the Board on long term financial strategies, recommends to the Board annual revenue and capital budgets and longer term forecasts. The committee reviews and makes recommendation to the Board on the annual financial statements and receives regular reports on financial performance and financial position and monitor these reports against budget. In addition the Finance & Resources Committee recommends the approval of the Financial Regulations including any financial policies therein (formally at three-year intervals or when significant changes are made), liquidity and the investment of surplus funds in line with that Policy, and approves or recommends expenditure proposals, contracts and grant applications in line with the Financial Regulations.

Based on the advice of the Audit and Risk Management Committee and the Principal, the Board is of the opinion that the Company has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

The Company Secretary is a member of the FE Governance Network (Wales) Group which seeks to develop and share best practice in governance.

In the opinion of the directors, the College complies with all of the provisions of the UK Corporate Governance Code 2018, in so far as they apply to the further and higher education sectors, and it has complied throughout the year ended 31 July 2025 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. The company is a member of the University of South Wales Equalities Forum, and its sub-groups. Communication with all employees is undertaken through termly staff meetings, and e-mails as required.

**Directors' report for the year ended 31 July 2025 (continued)**

**Political Contributions**

The College made no political contributions or incurred any political expenditure during the period (2025 – Nil)

**Engagement with Suppliers, Customers and other Business relationships**

The Board of Directors have a duty to promote the success of the College for the benefit of its members, having regard to the interests of all its stakeholders including suppliers, customers and other business relationships. This ensures that the college maintains a reputation for high standards of quality and business conduct. The colleges' financial regulations and procedures clearly set out the key principles for this area.

**Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the strategic report.

**Provision 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 director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he/she has taken all the steps that ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Board of Directors are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum between the Welsh Government/MEDR and the Board of Directors of the College, the Board, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, the Accounts Direction for Further Education Colleges in Wales (FE and HE SORP), UK's Generally Accepted Accounting Principles and the Financial Reporting Standard (FRS 102) which give a true and fair view of the state of affairs of the College and its surplus/deficit of income over expenditure for that period.

In preparing the financial statements, the Board is required to:

- "select suitable accounting policies and apply them consistently",
- "make judgements 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",
- "assess whether the college is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)",
- "prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation".

The Board is also required to prepare a strategic report in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation of incorporation, including the Further and Higher Education Act 1992 and Charities Act 2011, and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

**Directors' report for the year ended 31 July 2025 (continued)**

The auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors of the Board are responsible for ensuring that expenditure and income are applied for the purposes intended by MEDR and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from MEDR are used only in accordance with the Financial Memorandum issued by the Welsh Government and any other conditions that may be prescribed from time to time. On behalf of the governing body, the chair of the board of governors is responsible for discussing the accounting officer's statement of regularity, propriety and compliance with the accounting officer.

Directors must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, Board directors are responsible for securing economical, efficient and effective management of the College's resources and expenditure so that the benefits that should be derived from the application of public funds from MEDR and other public bodies are not put at risk.

Approved by order of the Board of Directors on 24 November 2025 and signed on its behalf by:



**Mr Ian Morgan**  
**Chair**

**Statement of regularity, propriety and compliance**

As accounting officer of The College Merthyr Tydfil, I confirm that the college has had due regard to the requirements of grant funding agreements and contracts with MEDR, and has considered its responsibility to notify MEDR of material irregularity, impropriety and non-compliance with terms and conditions of funding.

I confirm on behalf of the college that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the college, or material non-compliance with the terms and conditions of funding, under the college's grant funding agreements and contracts with MEDR, or any other public funder.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to MEDR.

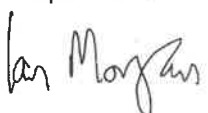
**Signed**



**Accounting Officer**  
**24 November 2025**

**Statement of the Chair of Directors**

On behalf of the college, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.



**Merthyr Tydfil College Limited**

**Signed  
Chair  
24 November 2025**

### **Public Benefit Statement for the year ended 31 July 2025**

Merthyr Tydfil College Limited is a registered charity in England and Wales. The registered address is Merthyr Tydfil College, (University of South Wales), Treforest, Pontypridd, CF37 1DL and the registered number is 1140289. The members of the Board are directors for the purposes of the Companies Act 2006 and also 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.

#### **Charitable Objectives**

The College promotes the advancement of education and learning for the public benefit. It also provides, maintains and improves performance facilities for the benefit of the local community.

The College is well aware of its public benefit responsibility and, therefore, ensures this is embedded in all of its operations to offer fully inclusive services.

#### **Fulfilment of the charitable objectives**

##### *Beneficiaries*

The College has a student population of 2,821 Further Education students (1839 on full-time courses and 982 on part-time courses). The primary beneficiaries are students of the College directly engaged in high-quality training in a range of disciplines. However, beneficiaries extend to pre-College students (from the age of fourteen upwards) in addition to local employers and businesses.

##### *Admissions policy*

The College operates a flexible admissions policy and provides for individual needs in the design of learning programmes. For some programmes there are specific entry requirements which are reviewed annually and published in the College prospectus.

##### *Bursaries/scholarships*

Students enrolled at the College are entitled to apply for various support and funding in the same way as anyone studying in further or higher education in Wales. These are funded by the College.

Students studying further education courses at the College are eligible to apply for various means of support. The Education Maintenance Allowance is available to students aged 16 to 19 years with the Assembly Learning Grant available to students aged 19+. The Bursary grant is an alternative means of support which is funded through the Colleges' Access funds.

In addition to the above the College also administers other initiatives that students can access. Subsidised childcare facilities, free meals and transport allowances are available along with financial support for educational visits and study aids.

Higher education students have access to alternative methods of support. The Assembly Learning Grant or the Higher Education Fee Waiver can be applied for depending on individual circumstances. There are also funds available for HE students in financial hardship. The College provides student support and guidance on the application process.

##### *Widening Participation*

The College provides a wide range of programmes for learners from the age of 14 years. Many learners are able to access grant support as a means of tackling social exclusion. In terms of community provision, the College offers a wide range of accredited programmes that are delivered through partnership working with the local county borough council. Likewise, many family learning programmes are offered in community venues on an annual basis.

##### *Community Engagement*

The College offers other facilities which are accessible to students, staff and members of the community. A large sports hall is available for hire along with various sporting equipment. The College facilities are charged at subsidised rates to ensure their accessibility to all.

**Public Benefit Statement for the year ended 31 July 2025 (continued)**

*Equality*

College staff are an equally diverse body of people with different perspectives, values and attitudes. The College seeks to promote an inclusive environment where such differences are shared and valued, and where any unfair treatment or discrimination is challenged and eliminated.

The University of South Wales Group Strategic Equality Plan 2024-28 sets out our response to the requirements of the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011. This plan presents a clear commitment to not only comply with equality legislation, but also to ensure that all those who work or study at the College are treated with respect and that diverse needs are taken into consideration and responded to. This commitment to equality and diversity is even more important during this current climate of economic uncertainty and substantial change to the education sector. This is a time when it is essential to ensure that steps to ensure equality of opportunity in education and work are put in place and actions are prioritised where they are most needed.

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 has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERTHYR TYDFIL COLLEGE LIMITED**  
**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

***Opinion***

We have audited the financial statements of Merthyr Tydfil College ("the College") for the year ended 31 July 2025 which comprise the Income and Expenditure Account, Statement of Changes in Reserves, Balance Sheet, 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 College's affairs as at 31 July 2025 and of the College'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 College 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 College'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 Directors' 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 Directors' Report (which includes the strategic 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 Directors' Report has been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERTHYR TYDFIL COLLEGE LIMITED  
(continued)**

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report (which incorporates 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 College; 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

**Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 12, the directors (who are also the directors of the College 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 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 the directors either intend to liquidate the College 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 College and the environment in which it operates, we considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the financial reporting legislation for further education including the Accounts Direction for Further Education Colleges in Wales issued by Medr, Companies Act 2006 and the Charities Act 2011, and other factors such as taxation and pensions legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of 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; and
- Challenging assumptions and judgements made by management in their accounting estimates

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERTHYR TYDFIL COLLEGE LIMITED  
(continued)**

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Report on other legal and regulatory requirements**

We are required to report on the following matters under the Further Education Audit Code of Practice 2015 (effective 1 August 2014) ("the Audit Code of Practice") issued by the Welsh Government under the Learning and Skills Act 2000.

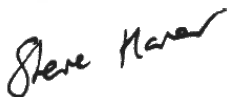
The regulation of the Welsh Further Education sector was transferred from the Welsh Government to Medr, the Commission for Tertiary Education and Research on 1 August 2024. The Audit Code of Practice and Financial Memorandum Management Code issued by the Welsh Government remain in place at the date of our report. In view of this transfer, any reference to Medr in our report should be read as also referring to the Welsh Government.

In our opinion, in all material respects:

- monies expended out of Welsh Government grants, including those remitted by Medr, and other funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation;
- funding received from the Welsh Government and Medr (and other bodies and restricted funds where appropriate) has been applied in accordance with the Financial Memorandum between the Welsh Government and further education institutions; and
- the financial statements meet the requirements of Medr's 2024/25 Accounts Direction.

**Use of our report**

This report is made solely to the College'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 College'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 College and the College'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  
Date: 28/11/2025

10 Queen Street Place  
London  
EC4R 1AG

# Merthyr Tydfil College Limited

Company Registration No. 6671721

## Income and Expenditure account for the year ended 31 July 2025

|                                                     |        | 2025          | 2024          |
|-----------------------------------------------------|--------|---------------|---------------|
|                                                     |        | £'000         | £'000         |
| <b>Income</b>                                       |        |               |               |
| Funding body grants                                 | 2      | 16,680        | 14,893        |
| Tuition fees and education contracts                | 1      | 750           | 810           |
| Other income                                        | 3      | 1,215         | 1,373         |
| Investment Income                                   |        | 491           | 519           |
| <b>15Total income</b>                               |        | <b>19,136</b> | <b>17,595</b> |
| <b>Expenditure</b>                                  |        |               |               |
| Staff costs                                         | 4      | 11,489        | 10,648        |
| Other operating expenses                            |        | 4,817         | 4,098         |
| Depreciation and Amortisation                       | 9 + 10 | 1,435         | 1,504         |
| Interest and other finance costs                    | 8      | (12)          | (12)          |
| <b>Total expenditure</b>                            |        | <b>17,729</b> | <b>16,238</b> |
| <b>Surplus for the year</b>                         |        | <b>1,407</b>  | <b>1,357</b>  |
| Actuarial (loss)/gain in respect of pension schemes | 18     | (62)          | (28)          |
| <b>Total comprehensive income/(expense)</b>         |        | <b>1,345</b>  | <b>1,329</b>  |

The accompanying notes on pages 27 to 39 are an integral part of the Financial Statements.

## Merthyr Tydfil College Limited

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

|                                         | £'000<br>I&E and Pension | £'000<br>Other | £'000<br>Total Reserve |
|-----------------------------------------|--------------------------|----------------|------------------------|
| <b>Balance at 1 August 2024</b>         | <b>12,272</b>            | <b>2,168</b>   | <b>14,440</b>          |
| Surplus for the year                    | 1,407                    | -              | 1,407                  |
| Other comprehensive income              | (62)                     | -              | (62)                   |
| Total comprehensive income for the year | 1,345                    | -              | 1,345                  |
| <b>Balance at 31 July 2025</b>          | <b>13,617</b>            | <b>2,168</b>   | <b>15,785</b>          |

The company is limited by guarantee and comprises one member.

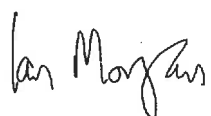
The accompanying notes on pages 27 to 39 are an integral part of the Financial Statements.

# Merthyr Tydfil College Limited

## Company Registration No. 6671721 Balance sheet as at 31 July 2025

|                                                                |    | 2025            | 2024            |
|----------------------------------------------------------------|----|-----------------|-----------------|
|                                                                |    | £'000           | £'000           |
| <b>Non-current assets</b>                                      |    |                 |                 |
| Intangible assets                                              | 9  | 6               | 22              |
| Fixed assets                                                   | 10 | 25,607          | 26,248          |
| <b>Current assets</b>                                          |    |                 |                 |
| Stock                                                          |    | 12              | 14              |
| Trade and other receivables                                    | 12 | 326             | 381             |
| Investments                                                    |    | 6,790           | 6,461           |
| Cash and cash equivalents                                      |    | 9,890           | 9,427           |
|                                                                |    | <b>17,018</b>   | <b>16,283</b>   |
| <b>Creditors: amounts falling due within one year</b>          | 13 | <b>(4,774)</b>  | <b>(5,024)</b>  |
| <b>Net current assets</b>                                      |    | <b>12,244</b>   | <b>11,259</b>   |
| <b>Total assets less current liabilities</b>                   |    | <b>37,858</b>   | <b>37,529</b>   |
| <b>Creditors: amounts falling due after more than one year</b> | 14 | <b>(21,563)</b> | <b>(22,523)</b> |
| <b>Provisions</b>                                              |    |                 |                 |
| Pension provisions                                             | 15 | (510)           | (566)           |
| <b>Total net assets</b>                                        |    | <b>15,785</b>   | <b>14,440</b>   |
| <b>Unrestricted Reserves</b>                                   |    | <b>15,785</b>   | <b>14,439</b>   |
| <b>Total Reserves</b>                                          |    | <b>15,785</b>   | <b>14,440</b>   |

The accompanying notes on pages 27 to 39 are an integral part of the Financial Statements, were approved and authorised for issue by the Board of Directors on 24 November 2025 and were signed on its behalf by:



**Mr Ian Morgan**  
Chair

**Cashflow Statement for the year ended 31 July 2025**

|                                                                     | <b>2025</b>      | <b>2024</b>      |
|---------------------------------------------------------------------|------------------|------------------|
|                                                                     | <b>£'000</b>     | <b>£'000</b>     |
| <b>Cash flow from operating activities-</b>                         |                  |                  |
| Surplus for the year                                                | 1,407            | 1,357            |
| <b>Adjustment for non-cash items</b>                                |                  |                  |
| Depreciation                                                        | 1,420            | 1,471            |
| Amortisation of intangibles                                         | 16               | 32               |
| Decrease in stock                                                   | 1                | 1                |
| Decrease in debtors                                                 | 55               | 332              |
| Decrease in creditors                                               | (513)            | (641)            |
| LGPS pension costs less contributions payable                       | (118)            | (82)             |
| <b>Adjustments for investing activities</b>                         |                  |                  |
| Investment income                                                   | (491)            | (518)            |
| Release of capital grants                                           | (1,199)          | (1,199)          |
| <b>Net cash inflow from operating activities</b>                    | <b>578</b>       | <b>753</b>       |
| <b>Cash flows from investing activities</b>                         |                  |                  |
| Transfers from cash to investments                                  | (329)            | (386)            |
| Capital grants receipts                                             | 524              | 331              |
| Investment income                                                   | 491              | 518              |
| Payments made to acquire fixed assets                               | (801)            | (477)            |
| <b>Net cash inflow/ (outflow) from investing activities</b>         | <b>(115)</b>     | <b>(14)</b>      |
| <br><b>Increase/(Decrease) in cash and cash equivalents in year</b> | <br><b>463</b>   | <br><b>739</b>   |
| <br>Cash and cash equivalents at beginning of the year              | <br><b>9,427</b> | <br><b>8,688</b> |
| <br><b>Analysis of Cash and cash equivalents at end of the year</b> |                  |                  |
| Short term deposits                                                 | 15               | 11               |
| Cash at bank and cash in hand                                       | 9,875            | 9,416            |
| <b>Cash and cash equivalents at the end of the year</b>             | <b>9,890</b>     | <b>9,427</b>     |

The accompanying notes on pages 27 to 39 are an integral part of the Financial Statements

## **Accounting policies**

### **Basis of Preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP) in accordance with the Financial Reporting Standards (FRS 102) and the Charities Act 2011. The College is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102. The financial statements are in accordance with the historical cost convention.

The Financial statements of the subsidiary Tydfil Training Consortium are not consolidated at College level but at Group level, the University of South Wales

### **Going Concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. In assessing whether the going concern basis is appropriate the Directors have considered the College's expected future cash flows and are satisfied that the College has adequate resources to continue in operational existence for a minimum of 12 months from the date of the signing of the financial statements. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

### **Recognition of income**

Funding body grants are accounted for in the year to which they relate.

Tuition fee income is credited to the income and expenditure account over the period in which students are studying.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

### **Pension schemes**

Retirement benefits for employees of the Company are provided by the Teachers' Pensions Scheme Agency (TPS) and the Rhondda Cynon Taff Pension Fund (RCTPF), a Local Government Pension Scheme (LGPS). RCTPF is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme.

The discount rate used to calculate the liability has increased by 0.70%. As a result of this increase and inflation rates, the future surplus in the RCTPF has increased from £2,570k in 2023/24 to £5,246k in 2024/25. The 2023 valuation reported that the College still has a legal obligation to make contributions to the fund, therefore the College has adopted the accounting standard IAS 19 to report pension surpluses.

Following the calculation to adopt the IAS 19 approach the net present value of the future contributions relating to benefit accrual exceeds the net present value of future service costs, measured over the remaining future work lifetime of the active employees. As a result of this, surpluses will be capped at nil across the USW Group. This approach will note that the value of the net assets will not exceed the value of the liabilities and will report a nil balance on the balance sheet.

## **Accounting policies (continued)**

Following the calculation to adopt the IAS 19 approach the net present value of future contributions relating to benefit accrual exceeds the net present value of future service costs, measured over the remaining future working lifetime of the active employees. As a result of this, the surplus will be capped at nil across the Group.

It has not been possible to identify the institution's share of the TSS scheme and as such they are accounted for as if they were defined contribution schemes.

### **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.

### **Employment Benefits**

Short term employment benefits 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.

### **Operating Leases**

Rentals paid under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

### **Foreign currency**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Surplus or Deficit.

### **Taxation Status**

The College is a registered charity within the meaning of Chapter 1, Section 3 of the Charities Act 2011 and as such is a charity within the meaning of Section 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 section 478 – 488 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Tax 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

### **Intangible assets**

Intangible assets which comprise software are amortised over 4 years representing the estimated economic life of the asset. Each year the assets are reviewed for indicators of impairment and where identified full impairment review is carried out and reflected in the financial accounts.

## **Accounting policies (continued)**

### **Tangible Fixed Assets**

Tangible fixed assets are recorded at purchase cost, including non-recoverable VAT, incidental costs of acquisition, less accumulated depreciation and accumulated impairment losses. Each year the assets are reviewed for indicators of impairment and where identified full impairment review is carried out and reflected in the financial accounts

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.

The principal rates used for this purpose are:

|                       |                                    |
|-----------------------|------------------------------------|
| Buildings             | - up to 50 years straight line     |
| Fixtures and fittings | - between 3-25 years straight line |
| Plant and machinery   | - between 3-40 years straight line |

Land is not depreciated

Assets under construction represent the cost of purchasing, constructing and installing tangible fixed assets ahead of their productive use. No depreciation is charged on assets under construction until they are transferred to the appropriate asset heading when they are brought into use.

#### Land and buildings

The freehold interest in land and buildings is included in the balance sheet at cost. Land and buildings acquired, buildings constructed or building refurbishments undertaken during the year, are included at cost less depreciation.

Finance costs directly attributable to the construction of fixed assets are capitalised as part of the cost of those assets.

#### Assets Financed by Capital Grant or Donations

Where fixed assets are acquired with the aid of specific grants and donations, they are capitalised and depreciated as above. The related grants or donations are credited to deferred capital grants and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

### **Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

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

### **Reserves**

The college is aware of the need to secure its viability beyond the immediate future. The college recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support its core activities and to invest for its future needs. The reserves which the college retains can be categorised as follows:

Capital Reserves – To provide funds to meet the current and future capital spend requirements.

Strategic Reserve – To meet the cost requirements of strategic initiatives as per the college strategic plan

It is the colleges intention to continue to increase reserves through the generation of annual operating surpluses

Other reserves arose on incorporation and represent the assets and liabilities transferred from the University of South Wales, with the addition of £197k revaluation of Land and Buildings on 1<sup>st</sup> August 2014.

### **Financial Contingency Fund**

The FCF was first introduced in 1991 to support FE and HE students who faced financial difficulties and who, without support, were likely to leave their education. The Welsh Government makes available annual FCF monies to individual institutions to administer to their students on a discretionary basis. For this purpose the College acts as an agent.

## **Accounting policies (continued)**

### **Stocks**

Stocks are valued at the lower of cost and net realisable value.

### **Provisions**

Provisions are recognised in the financial statements when :

- (a) The College has a present obligation (legal or constructive) as a result of a past event;
- (b) It is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) A reliable estimate can be made of the amount of the obligation.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

### **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 amounts of assets, liabilities, income and expenses. Actual results may differ from these 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.

The LGPS 2022 valuation reported that Merthyr College still had a legal obligation to make contributions to the fund, therefore Merthyr College adopted the accounting standard IAS19 to report on Pension surpluses. This approach will note that the value of the net assets will not exceed the value of the liabilities and will report a nil balance on the balance sheet.

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

**1. Tuition fees and education contracts**

|                                | <b>2025</b>  | <b>2024</b>  |
|--------------------------------|--------------|--------------|
|                                | <b>£'000</b> | <b>£'000</b> |
| Full-time home and EU students | 590          | 690          |
| Part-time students             | 160          | 120          |
|                                | <b>750</b>   | <b>810</b>   |

**2. Funding body grants**

|                            | <b>2025</b>   | <b>2024</b>   |
|----------------------------|---------------|---------------|
|                            | <b>£'000</b>  | <b>£'000</b>  |
| Government Recurrent grant | 14,190        | 12,174        |
| Specific Government grants | 1,307         | 1,520         |
| Release of capital grants  | 1,183         | 1,199         |
|                            | <b>16,680</b> | <b>14,893</b> |

**3. Other Income**

|                   | <b>2025</b>  | <b>2024</b>  |
|-------------------|--------------|--------------|
|                   | <b>£'000</b> | <b>£'000</b> |
| European Projects | 385          | 470          |
| Nursery           | 383          | 347          |
| Miscellaneous     | 447          | 556          |
|                   | <b>1,215</b> | <b>1,373</b> |

**4. Staff costs**

|                       | <b>2025</b>   | <b>2024</b>   |
|-----------------------|---------------|---------------|
|                       | <b>£'000</b>  | <b>£'000</b>  |
| Salaries              | 8,314         | 7,848         |
| Social security costs | 1,237         | 1,166         |
| Other pension costs   | 1,938         | 1,634         |
|                       | <b>11,489</b> | <b>10,648</b> |

|                                                  | <b>2025</b>  | <b>2024</b>  |
|--------------------------------------------------|--------------|--------------|
|                                                  | <b>£'000</b> | <b>£'000</b> |
| Emoluments of the Principal / Accounting Officer |              |              |
| Salary                                           | 139          | 132          |
| Pensions                                         | 40           | 33           |
|                                                  | <b>179</b>   | <b>165</b>   |

|                                  | <b>2025</b>  | <b>2024</b>  |
|----------------------------------|--------------|--------------|
|                                  | <b>£'000</b> | <b>£'000</b> |
| Emoluments of the Staff Director |              |              |
| Salary                           | 20           | 47           |
| Pensions                         | 6            | 12           |
|                                  | <b>26</b>    | <b>59</b>    |

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

Other than the Principal and Staff Director there are no other remunerated directors

**Remuneration of the Principal expressed as:**

|                                                                                | <b>2025</b> | <b>2024</b> |
|--------------------------------------------------------------------------------|-------------|-------------|
| Basic salary as a multiple of the median basic salary of all staff             | 4.08        | 4.17        |
| Total remuneration as a multiple of the median total remuneration to all staff | 4.44        | 4.34        |
| (All full time and part time staff but excluding agency workers)               |             |             |

Senior staff who fall outside of the national pay spine and incremental scale, is considered by the Culture, People and Values Committee (CPVC). The CPVC met on 16th June 2025 with the recommendations ratified by the College Board of Directors at their meeting of 7th July 2025. The College Board in agreeing the Principal's remuneration considers a range of information which includes bench marking to other Welsh institutions, UK institutions, institutions of a comparable size and institutions with similar missions. The Board is also cognisant of wider institutional financial and academic performance, specifically annual reports of CPIs. The CPVC is also informed by the Vice Chancellor of their appraisal of individual performance as it relates to institutional performance. The Principal is the highest paid member of staff.

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

|                     | <b>2025</b>   | <b>2024</b>   |
|---------------------|---------------|---------------|
|                     | <b>Number</b> | <b>Number</b> |
| £60,000 - £65,000   | -             | -             |
| £65,000 - £70,000   | -             | 2             |
| £70,000 - £75,000   | -             | -             |
| £75,000 - £80,000   | -             | -             |
| £80,000 - £85,000   | 3             | 1             |
| £85,000 - £90,000   | -             | 1             |
| £90,000 - £95,000   | -             | -             |
| £95,000 - £100,000  | 1             | -             |
| £100,000 - £105,000 | -             | -             |
| £105,000 - £110,000 | 1             | -             |
| £110,000 - £115,000 | -             | -             |
| £115,000 - £120,000 | -             | -             |
| £120,000 - £125,000 | -             | -             |
| £125,000 - £130,000 | -             | -             |
| £130,000 - £135,000 | -             | 1             |
| £135,000 - £140,000 | -             | -             |
| £140,000 - £145,000 | -             | -             |
| £145,000 - £150,000 | -             | -             |
| £150,000 - £155,000 | -             | -             |
| £155,000 - £160,000 | 1             | -             |

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are the same individuals as those included in the higher paid staff table above. These comprise the Principal, Vice Principal Resources and the Vice Principal Academic. Vice Principal salaries are on a fixed point and are reflective of their position and responsibilities.

|                                       | <b>2025<br/>£'000</b> | <b>2024<br/>£'000</b> |
|---------------------------------------|-----------------------|-----------------------|
| Key management personnel compensation |                       |                       |
| Salary                                | 323                   | 304                   |
| Pension Contributions                 | 56                    | 48                    |
|                                       | <b>379</b>            | <b>352</b>            |

**Notes to the financial statements for the year ended 31 July 2025 (continued)**

| <b>Atypical Staff</b> | <b>2025<br/>£'000</b> | <b>2024<br/>£'000</b> |
|-----------------------|-----------------------|-----------------------|
| Agency Staff          | 36                    | 28                    |

Retirement benefits are accruing to 94 employees under a defined benefit scheme. (Retirement benefits for 2024 were also accruing for 94 employees).

The monthly average number of employees by headcount (including senior post-holders) by major category during the year was as follows:

|                         | <b>2025<br/>Number</b> | <b>2024<br/>Number</b> |
|-------------------------|------------------------|------------------------|
| Academic                | 139                    | 141                    |
| Management & specialist | 29                     | 27                     |
| Technical               | 6                      | 6                      |
| Other                   | 48                     | 53                     |
|                         | <b>222</b>             | <b>227</b>             |

The monthly average number of employees by FTE (including senior post-holders) by major category during the year was as follows:

|                         | <b>2025<br/>Number</b> | <b>2024<br/>Number</b> |
|-------------------------|------------------------|------------------------|
| Academic                | 148                    | 150                    |
| Management & specialist | 23                     | 23                     |
| Technical               | 6                      | 6                      |
| Other                   | 35                     | 37                     |
|                         | <b>212</b>             | <b>216</b>             |

**5. Directors expenses and related party transactions**

No expenses were paid to directors during the year 2025(20243 – nil). No Director or other person related to the College had any personal interest in any contract or transaction entered into by the College during the year.

**6. Severance Payments**

The college paid 5 severance payments in the year, disclosed in the following bands:

|                     |   |
|---------------------|---|
| £0 - £25,000        | 4 |
| £25,001 - £50,000   | 1 |
| £50,001 - £100,000  | - |
| £100,001 - £150,000 | - |
| £150,000 +          | - |

Included in staff restructuring costs are special severance payments totalling £60,433.94 (2024: £45,495).

Individually, the payments were: £21,486.30 (Contractual £21,386.30k), £8,145.40 (Contractual £8,145.40), £1,289.94 (Contractual £1,289.94), £27,755.60 (£27,655.60 Contractual) and £1,756.70 (Contractual £1,756.70).

**Notes to the financial statements for the year ended 31 July 2025 (continued)**

**7. Trade Union Facility Time**

|                                                                                       |             |
|---------------------------------------------------------------------------------------|-------------|
| Number of employees who were relevant union officials during the period               | 2           |
| Full-time equivalent employee number                                                  | 0.2 FTE     |
| Total cost of facility time                                                           | £11,439     |
| Total pay bill                                                                        | £11,488,692 |
| Percentage of pay bill spent on facility time                                         | 0.10%       |
| Time spent on paid trade union activities as a percentage of total paid facility time | 100%        |

**8. Interest and other finance costs**

|                              | <b>2025</b>  | <b>2024</b>  |
|------------------------------|--------------|--------------|
|                              | <b>£'000</b> | <b>£'000</b> |
| Net charge on pension scheme | (12)         | (12)         |

**9. Analysis of expenditure by activity**

|                                                                  | <b>2025</b>   | <b>2024</b>   |
|------------------------------------------------------------------|---------------|---------------|
|                                                                  | <b>£'000</b>  | <b>£'000</b>  |
| Academic and related expenditure                                 | 11,054        | 8,733         |
| Administration and central services                              | 2,682         | 2,326         |
| Premises (including service concession costs)                    | 2,514         | 2,194         |
| Residences, catering and conferences                             | 77            | 99            |
| Other expenses                                                   | 1,413         | 2,360         |
|                                                                  | <b>17,740</b> | <b>15,712</b> |
| Other operating expenses included:                               |               |               |
| External auditor's remuneration in respect of audit services     | 26            | 25            |
| External auditor's remuneration in respect of non-audit services | 4             | 4             |
| Operating Lease rentals                                          |               |               |
| <i>Land &amp; Buildings</i>                                      | -             | 95            |
| <i>Other</i>                                                     | -             | -             |

Notes to the financial statements for the year ended 31 July 2025 (continued)

|                                 | 2025         | 2024         |
|---------------------------------|--------------|--------------|
| <b>10. Intangible assets</b>    |              |              |
| <b>Software</b>                 | <b>£'000</b> | <b>£'000</b> |
| <b>Cost</b>                     |              |              |
| Opening balance                 | 300          | 300          |
| Additions in year               | -            | -            |
| Closing balance                 | 189          | 300          |
| <b>Accumulated Amortisation</b> |              |              |
| Opening balance                 | 278          | 246          |
| Charge for the year             | 16           | 32           |
| Closing balance                 | 294          | 278          |
| <b>Net book value</b>           | <b>6</b>     | <b>22</b>    |

**11. Fixed assets**

|                                 | Freehold<br>Land and<br>Buildings<br>£'000 | Fixtures<br>Fittings<br>Equipment<br>£'000 | &<br>Assets<br>under<br>Construction<br>£'000 | Total<br>£'000 |
|---------------------------------|--------------------------------------------|--------------------------------------------|-----------------------------------------------|----------------|
| <b>Cost</b>                     |                                            |                                            |                                               |                |
| At 1 August 2024                | 31,323                                     | 5,762                                      | 38                                            | 37,123         |
| Additions                       | -                                          | 715                                        | 64                                            | 779            |
| <b>At 31 July 2025</b>          | <b>31,323</b>                              | <b>6,477</b>                               | <b>102</b>                                    | <b>37,902</b>  |
| <b>Accumulated depreciation</b> |                                            |                                            |                                               |                |
| At 1 August 2024                | 6,949                                      | 3,926                                      | -                                             | 10,875         |
| Charge for the year             | 594                                        | 826                                        | -                                             | 1,420          |
| <b>At 31 July 2025</b>          | <b>7,543</b>                               | <b>4,752</b>                               | <b>-</b>                                      | <b>12,295</b>  |
| <b>Net book value</b>           |                                            |                                            |                                               |                |
| <b>At 31 July 2025</b>          | <b>23,780</b>                              | <b>1,725</b>                               | <b>102</b>                                    | <b>25,607</b>  |
| <b>At 31 July 2024</b>          | <b>24,374</b>                              | <b>1,836</b>                               | <b>38</b>                                     | <b>26,248</b>  |

**Notes to the financial statements for the year ended 31 July 2025 (continued)**

**12. Trade and other receivables**

|                                    | <b>2025</b>  | <b>2024</b>  |
|------------------------------------|--------------|--------------|
|                                    | <b>£'000</b> | <b>£'000</b> |
| Trade receivables                  | 33           | 36           |
| Other receivables                  | 32           | 113          |
| Prepayments and accrued income     | 246          | 221          |
| Amounts owed by group undertakings | 15           | 11           |
|                                    | <b>326</b>   | <b>381</b>   |

Amounts due from group undertakings are unsecured, free from interest and payable on demand.

**13. Creditors: amounts falling due within one year**

|                                             | <b>2025</b>  | <b>2024</b>  |
|---------------------------------------------|--------------|--------------|
|                                             | <b>£'000</b> | <b>£'000</b> |
| Trade payables                              | 209          | 167          |
| Amounts owed to group undertakings          | 215          | 124          |
| Deferred Government Capital Grant           | 1,150        | 1,150        |
| Social security and other taxation payables | 578          | 346          |
| Accruals and deferred income                | 2,623        | 3,237        |
|                                             | <b>4,775</b> | <b>5,024</b> |

Included within deferred income is deferred capital government grant income of £0k (2024: £0k) and deferred revenue government grant income of £1093k (2024: £1,809k)

Amounts due to group undertakings are unsecured, free from interest and payable on demand.

**14. Creditors: amounts falling due after more than one year**

|                                   | <b>2024</b>  | <b>2023</b>  |
|-----------------------------------|--------------|--------------|
|                                   | <b>£'000</b> | <b>£'000</b> |
| Deferred Government Capital Grant | 21,563       | 22,523       |

**Notes to the financial statements for the year ended 31 July 2025 (continued)**

**15. Provisions**

**Pension Provisions**

|                        | <b>Pension<br/>enhancement on<br/>termination</b> | <b>Defined<br/>Benefit obligation<br/>(see Note 16)</b> | <b>Total</b> |
|------------------------|---------------------------------------------------|---------------------------------------------------------|--------------|
|                        | <b>£'000</b>                                      | <b>£'000</b>                                            | <b>£'000</b> |
| <b>Cost</b>            |                                                   |                                                         |              |
| At 1 August 2024       | 566                                               | -                                                       | <b>566</b>   |
| Utilised in year       | (56)                                              | -                                                       | <b>(56)</b>  |
| Additional provision   | -                                                 | -                                                       | <b>-</b>     |
| <b>At 31 July 2025</b> | <b>510</b>                                        | <b>-</b>                                                | <b>510</b>   |

**16. Lease obligations**

**Total rentals payable under operating leases:**

|                                             | <b>Land and<br/>Buildings</b> | <b>Plant and<br/>Machinery</b> | <b>2025<br/>Total</b> | <b>2024<br/>Total</b> |
|---------------------------------------------|-------------------------------|--------------------------------|-----------------------|-----------------------|
|                                             | <b>£'000</b>                  | <b>£'000</b>                   | <b>£'000</b>          | <b>£'000</b>          |
| Payable during the year                     | -                             | -                              | -                     | 95                    |
| Future minimum lease payments due:          |                               |                                |                       |                       |
| Not later than 1 year                       | -                             | -                              | -                     | -                     |
| Later than 1 year and not less than 5 years | -                             | -                              | -                     | -                     |
| Later than 5 years                          | -                             | -                              | -                     | -                     |
| <b>Total lease payments due</b>             | <b>-</b>                      | <b>-</b>                       | <b>-</b>              | <b>95</b>             |

**17. Related party transactions**

The College is a wholly-owned subsidiary of the University of South Wales, and is included in the consolidated financial statements of the University of South Wales, which are publicly available from University of South Wales, Pontypridd, Rhondda Cynon Taff, CF39 1DL .

Due to the nature of the College's operations and the composition of the Board of Directors (being drawn from local public and private sector organisations), it is likely that transactions will take place with organisations in which a member of the Board of Directors may have an interest. All transactions involving organisations in which a member of the Board of Directors may hold dual directorship have been assessed and would not fall under the category of related party transaction.

Other than those disclosed elsewhere in the financial statements, no transactions were identified which would be disclosed under FRS102 Related Party Disclosures.

**Notes to the financial statements for the year ended 31 July 2025 (continued)**

| Organisation                  | 31 July 2025         |                   | 31 July 2024         |                   |
|-------------------------------|----------------------|-------------------|----------------------|-------------------|
|                               | Expenditure<br>£'000 | Creditor<br>£'000 | Expenditure<br>£'000 | Creditor<br>£'000 |
| The University of South Wales | 347                  | 8                 | 363                  | -                 |
| USW Services Ltd              | 395                  | -                 | 365                  | -                 |
| USW Commercial Services       | 20                   | -                 | 54                   | -                 |
| Tydfil Training Consortium    | 110                  | 131               | 113                  | 85                |

**18. Pensions**

The Company participates in two pension schemes, the Rhondda Cynon Taff Pension Fund (RCTPF) for non-academic staff, and the Teachers' Pension Scheme (TPS) for academic staff. The assumptions made are detailed within this note. There have been two court cases that effect the LGPS defined benefit scheme. They relate to the guaranteed minimum pensions equalisation (GMPs) and age discrimination (McCloud). The impact of these cases are still uncertain, but following actuarial advice, a provision has been included as part of the assumptions in this note.

**Teacher's Pension Scheme**

The Teachers' Pension Scheme is a contributory "sector-wide" scheme for academic staff administered by the Teachers' Pension Agency on behalf of the Department for Education and Skills. The scheme, which does not have a fund but instead operates on a 'pay-as-you-go' basis, is subject to actuarial valuation every five years for the purpose of determining the "sector-wide" contribution rates. The latest actuarial valuation of the scheme was as at 31 March 2016. The cost of pension increases is currently excluded from the valuation and neither employees nor employers contribute to this added value to the employee, which is met directly by the Exchequer.

The contribution rate during the year was 28.68% from August 2024 to July 2025. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the Income and Expenditure account of £1,410k, (2024 £1,079k) is equal to the contributions payable to the scheme for the year.

**Rhondda Cynon Taff County Borough Council Pension Fund**

**Funding Valuation**

This scheme provides benefits for non-academic staff based on final pensionable salary. The scheme is valued every three years as required under Regulation 77(1) of the Local Government Pension Scheme Regulations 1997 (SI 1997 No. 1612). The latest valuation was undertaken by independent consulting actuaries as at 31 March 2022. Under the definitions set out in FRS 102, the Local Government Pension Scheme is a multi employer defined benefit pension scheme. In the case of the LGSS, the actuary of the scheme has identified the Institution's share of its assets and liabilities as at 31 July 2025. 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 £2.2m increase to the defined benefit obligation at 31 July 2025

The College employs a building block approach in determining the rate of return on Fund Assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund as at 31 July 2025.

**Notes to the financial statements for the year ended 31 July 2025 (continued)**  
**FRS102**

In accordance with the requirements of Financial Reporting Standard 102, the independent consulting actuaries updated the results of the March 2022 actuarial valuation in order to ascertain the valuation of the "sub-funds" in the scheme at 31 July 2025.

The principal assumptions used by the actuary in this respect were:-

|                                           | <b>2025</b> | <b>2024</b> | <b>2023</b> |
|-------------------------------------------|-------------|-------------|-------------|
|                                           | <b>%</b>    | <b>%</b>    | <b>%</b>    |
| Discount rate / interest income on assets | 5.70        | 5.00        | 5.10        |
| General increases in pensionable salaries | 3.65        | 3.70        | 3.85        |
| CPI pension increases                     | 2.65        | 2.70        | 2.85        |

The current mortality assumptions include an allowance for future improvements in mortality rates. Assumed life expectations on retirement today and at age 65 are:-

|                              | <b>2025<br/>Number</b> | <b>2024<br/>Number</b> |
|------------------------------|------------------------|------------------------|
| <b>Retiring Today:</b>       |                        |                        |
| Males                        | 20.6                   | 20.2                   |
| Females                      | 23.2                   | 23.1                   |
| <b>Retiring in 20 years:</b> |                        |                        |
| Males                        | 21.5                   | 21.1                   |
| Females                      | 24.3                   | 24.2                   |

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

|                  | <b>2025<br/>£'000</b> | <b>2024<br/>£'000</b> |
|------------------|-----------------------|-----------------------|
| Equities         | 12,794                | 12,186                |
| Government bonds | 2,182                 | 2,124                 |
| Corporate bonds  | 2,996                 | 2,809                 |
| Property         | 1,212                 | 1,154                 |
| Other            | 577                   | 364                   |
| Cash             | 77                    | 28                    |
|                  | <b>19,838</b>         | <b>18,665</b>         |

**Analysis of amounts shown in the balance sheet**

|                                                        | <b>2025<br/>£'000</b> | <b>2024<br/>£'000</b> | <b>2023<br/>£'000</b> | <b>2022<br/>£'000</b> | <b>2021<br/>£'000</b> |
|--------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Estimated share of assets                              | 19,838                | 18,665                | 16,858                | 16,241                | 18,113                |
| Present value of scheme liabilities                    | (19,838)              | (18,665)              | (16,858)              | (18,771)              | (26,982)              |
| <b>Deficit in the scheme – net pension liabilities</b> | <b>-</b>              | <b>-</b>              | <b>-</b>              | <b>(2,530)</b>        | <b>(8,869)</b>        |

**Notes to the financial statements for the year ended 31 July 2025 (continued)**

|                                                                                   | <b>2025<br/>£'000</b> | <b>2024<br/>£'000</b> |
|-----------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>Analysis of the amount charged to staff costs within the operating surplus</b> |                       |                       |
| Current service cost                                                              | 458                   | 446                   |
| Past service cost                                                                 | -                     | -                     |
|                                                                                   | 458                   | 446                   |
| <b>Analysis of the amount charged to interest payable and similar charges</b>     |                       |                       |
|                                                                                   | <b>2025<br/>£'000</b> | <b>2024<br/>£'000</b> |
| Interest income on assets                                                         | (803)                 | (810)                 |
| Interest on pension scheme liabilities                                            | 791                   | 798                   |
| Net charge                                                                        | (12)                  | (12)                  |
| <b>Analysis of amount recognised in other comprehensive income</b>                |                       |                       |
|                                                                                   | <b>2025<br/>£'000</b> | <b>2024<br/>£'000</b> |
| Actuarial gain on assets                                                          | 401                   | 826                   |
| Changes in assumptions underlying the present value of scheme liabilities         | 742                   | 782                   |
| Experience loss on liabilities                                                    | (1,205)               | (1,636)               |
| Actuarial gain/(loss) recognised in other comprehensive income                    | (62)                  | (28)                  |
| <b>Movement in deficit during the year</b>                                        |                       |                       |
|                                                                                   | <b>2025<br/>£'000</b> | <b>2024<br/>£'000</b> |
| 1 August                                                                          | -                     | -                     |
| Current service cost                                                              | (458)                 | (446)                 |
| Contributions                                                                     | 523                   | 476                   |
| Admin                                                                             | (15)                  | (14)                  |
| Past service costs                                                                | -                     | -                     |
| Other finance charge                                                              | 12                    | 12                    |
| Actuarial (loss)/gain                                                             | (62)                  | (28)                  |
| 31 July                                                                           | -                     | -                     |

**Notes to the financial statements for the year ended 31 July 2025 (continued)**

**Analysis of the movement in the present value of scheme liabilities**

|                                      | <b>2025</b>  | <b>2024</b>  |
|--------------------------------------|--------------|--------------|
|                                      | <b>£'000</b> | <b>£'000</b> |
| Opening present value of liabilities | 16,095       | 15,797       |
| Current service cost                 | 458          | 446          |
| Past service cost                    | -            | -            |
| Interest cost                        | 791          | 798          |
| Contributions by participants        | 194          | 180          |
| Actuarial loss on liabilities        | (2,213)      | (656)        |
| Net benefits paid                    | (733)        | (471)        |
| Closing present value of liabilities | 14,592       | 16,094       |

**Analysis of the movement in the market value of scheme assets**

|                                   | <b>2025</b>  | <b>2024</b>  |
|-----------------------------------|--------------|--------------|
|                                   | <b>£'000</b> | <b>£'000</b> |
| Opening fair value of assets      | 18,665       | 16,858       |
| Interest income on assets         | 804          | 810          |
| Actuarial gain on assets          | 401          | 826          |
| Contributions by the Employer     | 523          | 477          |
| Contributions by the participants | 194          | 180          |
| Net benefits paid out             | (733)        | (471)        |
| Administration expenses           | (15)         | (14)         |
| Closing fair value of assets      | 19,838       | 18,665       |

**Analysis of the amount shown in the balance sheet for LGPS pensions:**

|                                                                  | <b>2025</b>  | <b>2024</b>  |
|------------------------------------------------------------------|--------------|--------------|
|                                                                  | <b>£'000</b> | <b>£'000</b> |
| Fair value of fund assets                                        | 19,838       | 18,665       |
| Present value of defined benefit obligation                      | (14,592)     | (16,095)     |
| <b>Pension asset before adjustments</b>                          | <b>5,246</b> | <b>2,570</b> |
| Effect of asset ceiling (FRS102 para28.22)                       | (5,246)      | (2,570)      |
| <b>Net pension asset/(liability) recognised on Balance Sheet</b> | <b>-</b>     | <b>-</b>     |

**Notes to the financial statements for the year ended 31 July 2025 (continued)**

**History of experience gains and losses**

|                                                                           | <b>2025</b>  | <b>2024</b>  | <b>2023</b>  | <b>2022</b>  | <b>2021</b>  |
|---------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
|                                                                           | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> |
| Actuarial gain on assets                                                  | 401          | 826          | (277)        | (2,217)      | 3,405        |
| Changes in assumptions underlying the present value of scheme liabilities | 742          | 782          | 3,529        | 7,752        | 749          |
| Experience (losses)/gains on liabilities                                  | (1,205)      | (1,636)      | (297)        | 1,917        | (3,614)      |
| <u>Total amount recognised in the other comprehensive income</u>          | <u>(62)</u>  | <u>(28)</u>  | <u>2,955</u> | <u>7,452</u> | <u>540</u>   |

\*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. As this reflects the policy for the surplus.

**19. Financial Contingency Fund**

The institution acts as paying agent in the administration and distribution of certain financial contingency funds available solely for learners. The grants and related disbursements shown below are therefore excluded from the statement of comprehensive income:

|                              | <b>2025</b>  | <b>2024</b>  |
|------------------------------|--------------|--------------|
|                              | <b>£'000</b> | <b>£'000</b> |
| Grants received              | 240          | 248          |
| Grants disbursed to students | 258          | 246          |
| Interest                     | 3            | 4            |
| Administration costs         | -            | 8            |
| Grants brought forward       | -            | 32           |
| Repaid to Medr               | -            | 30           |
| Grants carried forward       | (15)         | -            |

**Notes to the financial statements for the year ended 31 July 2025 (continued)**

**20. 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 are obtainable from the following address:

University of South Wales  
Pontypridd  
Rhondda Cynon Taff.  
CF37 1DL

## **The College Merthyr Tydfil – 2024-2025 Academic Year**

### **College's Teaching Strategy and Well-Being Approach praised in Positive Estyn Report**

The college has been praised for its significant role in supporting the community, well-defined teaching strategy, and focus on learner care and support creating a courteous and respectful culture, following its inspection in February 2025.

The report emphasises the college's strong teaching model ensuring that lessons are planned, engaging and well-placed with learners reporting to show strong engagement during lessons.



### **College Launches Strategic Partnership with General Dynamics to Establish Cutting-Edge Engineering Academy**

In July 2025, the college announced a landmark strategic partnership with General Dynamics, a global leader in defence and advanced manufacturing. This collaboration will see the launch of a state-of-the-art Engineering Academy designed to equip learners with real-world employability skills in advanced manufacturing and engineering technologies.

The new Engineering Academy will serve as a dynamic hub where students can gain hands-on experience with industry-standard tools, processes, and systems. By working closely with General Dynamics, the college aims to ensure that its curriculum is aligned with the evolving needs of the defence sector—an industry that plays a vital role in national security, innovation, and economic growth.

### **College Merthyr Tydfil accredited by ground-breaking dual career scheme**

The College Merthyr Tydfil is leading the way with supporting talented athletes in education in Wales, having been accredited by an innovative Talented Athlete Scholarship Scheme (TASS) initiative.

By formally recognising an institution's commitment to supporting student-athletes, the TASS Dual Career Accreditation Scheme aims to allow athletes to reach their potential in education alongside achieving success in their sport.

### **College Recognised Nationally for Outstanding Wellbeing Support for Learners**

The College Merthyr Tydfil has been nationally recognised for its exceptional commitment to learner wellbeing through being nominated for a St David's Award, one of Wales' highest honours, and also being announced as a finalist in the AoC Beacons NOCN Award for Mental Health and Wellbeing. These accolades, along with the achievement of the Carers Federation Quality Standard in Carers Support (QSCS) accreditation showcase the innovative and impactful work of the college's wellbeing team, who consistently go above and beyond to provide tailored support for learners facing a wide range of challenges.

### **Launch of AMBE Construction Academy in partnership with Tilbury Douglas**

In November 2024, The College Merthyr Tydfil launched a new AMBE Construction Academy, in partnership with Tilbury Douglas. This innovative programme aims to prepare learners for successful careers in the construction industry through hands-on training, industry insight, and professional development opportunities, equipping learners with vital employability skills and real-world construction experience. As an outcome of their experience in the academy this year, three learners have successfully gained an apprenticeship.

### **College of Sanctuary Charter and Organisational Pledge**

The college is proud to have recently signed the College of Sanctuary charter and organisational pledge, committing us to acknowledging and supporting the values of welcome, inclusion, and belonging across our college community.

This is part of our ongoing work to build a supportive and inclusive environment where every learner feels respected and empowered.

## **College Golf Star Callum Hook Wins National Championship and Secures International Invitation**

College Sports learner Callum Hook delivered an outstanding performance recently, winning The Intercollegiate Tour Championship held at Mottram Hall Golf Club in Macclesfield.

Competing against the top collegiate golfers from across the North and South regions, Callum demonstrated exceptional skill and consistency with rounds of 70, 69, and 76, finishing the three-day championship at 1-under par. His impressive victory has earned him an invitation to the prestigious Faldo Junior Tour, which will take place at the Al Ain Equestrian, Shooting & Golf Club in the United Arab Emirates.

## **College learners' partner with Trydan Gwyrdd Cymru to deliver key messages about renewable energy and the environment**

Media learners at the college have recently had the opportunity to work with Trydan Gwyrdd Cymru to develop a short video that would appeal and even inspire curiosity amongst young people about renewable energy and the environment. This project is part of a wider partnership the college has established with the company to support learners to become more aware and develop key skills around green/net-zero. The link to the video is [here: https://studentmerthyrac-my.sharepoint.com/:v/g/personal/56902\\_student\\_merthyr\\_ac\\_uk/EQyhFCixXi9OvrC36y4kGbcBXrAQKI2KeEqMFS-p\\_9aspw?e=UwotVN](https://studentmerthyrac-my.sharepoint.com/:v/g/personal/56902_student_merthyr_ac_uk/EQyhFCixXi9OvrC36y4kGbcBXrAQKI2KeEqMFS-p_9aspw?e=UwotVN)

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# Accounts

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**Y Coleg  
Merthyr Tudful  
The College  
Merthyr Tydfil**

**Merthyr Tydfil College Limited**

**Coleg Merthyr Tudful Cyfyngedig**

**Annual Report and Financial  
Statements for the year ended  
31<sup>st</sup> July 2024**

**Merthyr Tydfil College Limited****Annual Report and Financial Statements for the year ended 31 July 2024**

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## Merthyr Tydfil College Limited

### Strategic Report for the year ended 31 July 2024

The directors present their strategic report and the audited financial statements of The College Merthyr Tydfil (known as 'the Company' or 'the College') for the year ended 31 July 2024. The financial statements have been prepared to comply with the Companies Act 2006 and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019, the Financial Reporting Standards (FRS 102) and in accordance with the Accounts Direction for Further Education Colleges in Wales 2023/24.

#### Principal activities

The College is a wholly owned subsidiary of the University of South Wales (USW) and the principal activities are the provision of further education, higher education, work based learning, professional training, consultancy and the delivery of Government initiatives to industry.

#### Business review and future developments

During the year, the Board developed a new five-year strategic plan which sets out our Vision, Mission and Strategic Priorities for 2030.

The college recognises that the period covered by this Strategic Plan will be a time of change, challenge and opportunity due to advances in technology and the transition to net zero. The College must continue to be an engine of social mobility, preparing our learners not only for the jobs of today but also for those that will exist in the future. Our exciting plans for a new Sustainable Technology Centre will provide state of the art facilities to support the development of the skills that will be so vital for economic growth, making our learners highly sought after by employers, universities and the community. The centre will also promote further collaboration with key employers and make the borough more appealing to inward investors. This strategy is ambitious but, given the excellent position the College is in, with its team of inspiring teachers and support colleagues, we feel that it is more than achievable.

Underpinning the Strategic Vision and Mission, the college has identified four key strategic priorities:

- **Our People and Culture** - We will provide a welcoming, safe, inclusive and supportive environment for all to thrive, work and study.
- **Our Learning Experience** - We will place our learners at the centre of everything we do, providing a learning experience that is inspirational, creating inclusive and innovative and exposing them to a culture of curiosity, collaboration and challenge.
- **Our Place in the Community** - We will work in collaboration with external partners to drive forward economic, social and cultural change, supporting the future wellbeing and prosperity of the communities we serve.
- **Our Resources and Environment** - We will remain a financially sustainable, socially ethical and resilient organisation, providing a sustainable environment which is equipped for the delivery of high quality and responsive learning.

#### Curriculum developments

The College works in partnership with local schools, the local authority, employers and the South East Wales Regional Partnership to offer an innovative, distinctive, high quality curriculum that raises aspirations and transforms lives. The College curriculum provides industry relevant, employer focussed courses and qualifications with appropriate progression pathways for learners of all abilities and ages to succeed and progress on to higher level learning, apprenticeships or employment.

## Merthyr Tydfil College Limited

### Strategic report for the year ended 31 July 2024 (continued)

The college's Curriculum Portfolio Group together with representation on the Merthyr Tydfil Business Education Together Partnership Group provides an effective platform for employers and local community representatives to feed into curriculum development and delivery. This feedback, together with the use of detailed Lightcast (Economic Modelling Specialist International) labour market intelligence data, has enabled the college to bring together and triangulate local school planning data, labour market intelligence and employer feedback to ensure that our curriculum is both demand-led and inclusive whilst also responding to industry and economic need. This has resulted in the successful introduction of new industry relevant courses and pathways to support key regional skills priority areas, including Cyber, Digital, Construction and Built Environment and Green and sustainable technologies. In 2022, the college also introduced a new lower-level Vocational pathways course to bridge gaps in provision and extend the choices available to learners. This has proved very popular, with over 36 learners enrolling on this course for 2023 entry and a further 72 learners enrolling on the course for this current academic year (2024-2025).

Moving forward, the college has developed a Curriculum Strategy for 2025-2027, which underpins and supports the college's overall strategic plan. This strategy sets out ten key priorities:

1. Develop an industry recognised 'Sustainable Centre of Excellence in Advanced Manufacturing and Built Environment'
2. Become recognised as a leading 'Digital and Media Centre of Excellence'
3. Strengthen our status and reputation as a 'Top Performing A level Academy'
4. Increase the volume of courses and learning opportunities provided through the medium of Welsh, with a specific focus on key sector priority areas.
5. Consolidate and streamline our level 1 and level 2 provision to provide a solid foundation and progression pathway into a variety of level 2 and 3 courses
6. Enhance and promote the employability, enterprise and enrichment aspects, skills and experience on offer for each course, with a key focus on introducing an element of work/industry experience linked to key employers and organisations across all courses
7. Consolidate and enhance the 'brand' and perception of key traditional courses/subject areas to maximise recruitment
8. Explore the opportunity to broaden the range of apprenticeship and Occupational Qualifications in the Workplace programmes on offer to include sectors such as Electrical Installation, Construction, Advanced Manufacturing and Construction, Cyber/IT and Health and Care.
9. Develop an industry relevant, employer –focussed and accessible part-time provision that complements the priorities and objectives arising from the Welsh Government's Part-time priorities, apprenticeship strategy, employability plan and regional skills partnerships, enhances skills growth and contributes positively to the economy of Merthyr Tydfil, the Heads of the Valleys and Cardiff City region, whilst also addressing local community priorities and needs.
10. Enhance the college's reputation as a 'local higher education provider/Lifelong learning Centre' through the provision of an enhanced portfolio of HE and Level 4 + Professional programmes, including flexible programmes to suit learner need

As part of the college's longer-term Curriculum strategy, work is also ongoing with the Merthyr Tydfil Local Authority and secondary schools to map progression pathways and routes in response to the new Made-for-Wales GCSEs, which are set to be taught in schools across Wales from September 2025 and also examine new 14-16 pathways in line with the new VCSEs, which will be rolled out from September 2027.

## Merthyr Tydfil College Limited

### Strategic report for the year ended 31 July 2024 (continued)

#### Partnerships

The college has strong partnership links with local schools, with 80% of the year 11 pupils progressing to the college in September 2023 (2022: 78%). This is further enhanced through a comprehensive school transition programme, including taster days, open evenings, Have A Go Events, attendance at year 11 assemblies and parents evenings and school based subject talks. New for 2023-2024, the college introduced a 'Get Ready for College Hub' at each of the four Merthyr Tydfil Secondary schools and also at Idris Davies 3-18 school based in Rhymney. Aimed at providing a one-stop shop for pupils and parents to drop in to for advice and guidance around courses and support at college, these Hubs have proved very successful, leading to increased applications and enrolments into the college for September 2024 and supporting the achievement of full-time further education recruitment and funding targets for 2024.

During 2023-2024, the college continued to build upon its excellent relationships with local employers, engaging with over 250 employers and progression partners across the year to drive forward college provision, work experience placements and volunteering opportunities, employability advice and guidance, employer engagement projects, provision of part-time training and development through both our part-time funding and PLA route, careers talks and virtual careers fairs, progression and taster events. Key employers engaged with include, Tilbury Douglas, General Dynamics, Tenneco, Cyber First Schools, Saffron Seats, BBC Cymru, Panasonic, Tenneco, Creative Wales, Barclays, Cwm Taf Health Board, Valleys Construction, Active Merthyr, Table Tennis Wales, Cyber Cymru Wales, Royal College of Nursing Cadet Scheme, Bridewell and Dwr Cymru.

Looking ahead to 2024-2025, the college has begun to develop further partnerships with CCR Energy, Trydan Gwyrdd, Merthyr Valleys Homes, and Cynon Taf Housing to drive forward further provision in key sector skills priority areas, including Green and Sustainable Technology and Energy, Digital and Cyber and Construction. This will enable learners to further develop their skills and qualifications and progress into higher paid roles in these areas and support the delivery of green and sustainable training and courses, a key priority area for Medr.

Working with our partner employers, the college also has plans to expand work experience placements for learners to enhance their work experience and employability skills, particularly where they are seeking to progress directly into employment or an apprenticeship at the end of their studies at the college. Key areas where this will be taken forward include Construction with Tilbury Douglas.

#### Learner Voice

The College conducts annual first experience and learner voice surveys, which seek views on teaching and learning quality, student experience, assessment and feedback, learner support, learner voice and other key quality indicators. Outcomes of our 2023/2024 surveys indicate that 99% of further education learners were satisfied with their learning experience at college (2022/2023:92%).

Higher Education (HE) learners also take part in the annual National Student Survey. The NSS Survey highlighted that 87% of HE learners were satisfied with their experience at college during 2022/2023. The college is awaiting a breakdown of the 2023/2024 satisfaction rates from the University of South Wales.

Feedback from the surveys is used alongside the outcomes of learner focus groups to improve and develop college courses, learner support, enrichment and general college life to enhance the student experience. Feedback is discussed with the learners themselves and staff with resultant actions communicated back to learners through a variety of mechanisms, including You Said, We Did campaigns.

## Merthyr Tydfil College Limited

### Strategic report for the year ended 31 July 2024 (continued)

#### Financial Strategy

The Financial Strategy is designed to ensure the long-term viability and sustainability of the College. The strategy is aligned to the annual College Budget, Strategic Plan and Curriculum Planning process. It will provide direction to the Estates and IT Strategy and will seek to outline the capital funding direction. The Strategy will describe the financial objectives of the College whilst providing the framework for the development of future years' plans alongside assessing uncertainties to minimise impact, ensuring financial sustainability.

Pressures on the budget will be exacerbated, with uncertainties around funding levels combined with external pressures such as inflation on non-staff costs and utilities. Over the past four years the college has reviewed its staff structure to reduce costs and increase efficiency but will still need to account for increasing pension costs, increasing pay costs due to incremental drift, apprenticeship levy and unpredictable cost of living rises.

#### Financial Monitoring

Financial monitoring and reporting is critical to supporting the delivery of the College's Financial Strategy. This Strategy confirms the institutions commitment to maintain solvency and to generate sufficient funds for investment and the financing of ongoing activity. To monitor the implementation of the strategy an appropriate reporting system is required. Monthly management accounts are prepared and are reported internally and also submitted to the University of South Wales(USW). Within these reports all substantial variances will be explained following a discussion with the Budget Holder and the expected outturn for the year is monitored and reported.

On a quarterly basis the financial position is reported internally to College Executive and Management Team, to the Board of Directors and to USW the parent company for consolidation purposes. The report will contain an Income and Expenditure Account, including commentary on performance a forecast of the outturn for the financial year, a balance Sheet and a Cash Flow Forecast. The Governing Body will also assess the financial returns submitted by the College each year audited financial statements, a financial forecast mid year return along with the financial strategy.

#### Reserves

The college is aware of the need to secure its viability beyond the immediate future. The college recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support its core activities and to invest for its future needs. The reserves which the college retains can be categorised as follows:

Capital Reserves – To provide funds to meet the current and future capital spend requirements.

Strategic Reserve – To meet the cost requirements of strategic initiatives as per the college strategic plan

It is the colleges intention to continue to increase reserves through the generation of annual operating surpluses

#### Going Concern

The activities of the College along with the key factors likely to affect further performance are set out in this report. The financial position of the College, its cash flow and liquidity are presented in the Financial Statements and accompanying notes. In assessing whether the going concern basis is appropriate the Directors have considered the College's expected future cash flows and are satisfied that the College has adequate resources to continue in operational existence for a minimum of 12 months from the date of the signing of the financial statements.

#### Key Performance Indicators

The following five key performance indicators (KPIs) are relevant when assessing performance for the year:

- i) Surplus - £1,1357k (2023: £1,173K)
- ii) Year-end cash position - £9,427K (2023: £8,688K)
- iii) Current ratio – 3.24 (2023: 2.73)
- iv) Learner Voice – 99% overall FE satisfaction for 2023/2024, 87% overall HE satisfaction for 2022/23
- v) Learner Outcomes – 98% A level success rate, vocational success rates for 2023-2024 are not yet available

## Merthyr Tydfil College Limited

### Strategic report for the year ended 31 July 2024 (continued)

**Student numbers:** For the academic year 2023/2024 the college had 2,201 (2022/23: 1,896) Further Education students 1636 on full-time courses and 565 on part-time courses, (2022/23 1,587 FT, 309 PT), 175 Higher Education students 134 full-time and 41 part-time, (2022/23 117 FT, 41 PT). As in previous years these numbers, particularly on part time/higher education provision, have been adversely affected due to the ongoing impact of the pandemic and a buoyant employment market.

**Quality:** Student performance in 2023-24 remained strong, particularly at Level 3 and A2. A2 performance at A\*-C improved despite the grade boundaries returning to pre-pandemic levels. Outcomes at Level 1 have improved significantly as have ESW qualifications. Appropriate support and intervention was introduced as a result of robust quality processes including Quality Boards and Quality Weeks which scrutinised classroom practice, feedback, learner progress, attendance and course completion rates. This balance of challenge and support will continue in the 2024-2025 academic year.

**Health & Safety:** The most recent audit conducted by USW, demonstrated a comprehensive approach to the management of Health and Safety, this was conducted adopting the HASMAP standards. The College has an action plan to address any shortcomings/areas for improvement identified in the audit reports.

#### Subsidiary Company

On the 1st August 2019 the College acquired Tydfil Training Consortium Ltd (TTC Ltd), a charitable company engaged primarily in the delivery of the Welsh Governments Work Based Learning programme. TTC Ltd had turnover for the year ended July 31 2024 of £2,110K (2023: £1,692k). For reporting purposes, these are consolidated by USW. Since acquisition, the College and TTC Ltd management teams have been working together to maximise the benefits available to both parties and the community at large, by combining resources and skills. This will give the greatest potential to maximise the offer from opportunities, such as the UK Government's Shared Prosperity Fund.

### Principal risks and uncertainties

Outlined below are the principal risks facing the College. Not all the factors are wholly within the College's control. Other factors besides those listed below may also adversely affect the College.

#### Government funding

The College relies considerably on continued government funding. In 2024 95% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College mitigates the risk by:

- Ensuring that it continues to explore opportunities to diversify income
- Delivering a curriculum that is responsive to the needs of the local community whilst also supporting Regional priority sectors and future skills needs
- Constantly monitoring its recruitment position and modelling the impact on future years funding
- Maintaining a key focus on its quality profile to maintain and enhance its excellent reputation and be the college of choice for learners, parents and employers alike.
- Maintaining and continuing to build partnerships with schools, employers and the business community
- Being responsive to any funding intelligence in a timely manner

#### Financial Sustainability

The College will continue to explore alternative sources of income both in collaboration with partners and in its own right. This risk is mitigated in a number of ways:

- Funding is derived through a number of direct contractual arrangements;
- Expansion of higher education under HEFCW's widening access agenda,
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies; and
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.

## Merthyr Tydfil College Limited

### Strategic report for the year ended 31 July 2024 (continued)

The ongoing impact of the coronavirus pandemic along with the cost of living challenge has created ongoing uncertainty and disruption to both the economy and education. This has resulted in a number of financial and operational challenges. The College is monitoring the rise on utility costs and looking for ways to improve efficiency, along with close monitoring on the inflationary impact on consumables. This is being considered for the short, medium and long term.

#### Risk management

The College is committed to exhibiting best practice in all areas of risk management and corporate governance, fully adhering to the principles set out in the Governance Code of Practice and General Principles.

The College's Board of Directors is responsible for the 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 can only provide reasonable and not absolute assurance against material misstatement or loss.

The College maintains a risk register which considers business, operational, compliance and financial risks. The register is regularly reviewed by senior management, and the College's risk management process is consolidated into the University of South Wales (parent entity) whose internal control guidance adheres to the combined code as amended by the British Universities Finance Directors Group.

The Board of Directors met four times during the reporting period. 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. The 2023-24 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 2024-25.

As part of the University of South Wales group financial risk management and internal control framework, as highlighted in the financial statements of the University of South Wales, the College has undertaken work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the College Executive (the senior management team) undertakes a comprehensive review of the risks to which the College is exposed. The College Executive identify systems and procedures, including specific preventative actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review effectiveness and progress against risk mitigation actions. In addition to the annual review, the College Executive will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College which is reviewed four times a year by the Board of Directors. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The College as part of the University of South Wales Group, 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.

This has been in place for the year ended 31 July 2024 and in place up to the date of approval of the Financial Statements.

## Merthyr Tydfil College Limited

### Strategic report for the year ended 31 July 2024 (continued) Energy and Carbon Reporting

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

|                                                             | 2023/24 | 2022/23 |
|-------------------------------------------------------------|---------|---------|
| <i>Energy consumption used to calculate emissions (kWh)</i> |         |         |
| Scope 1: emissions in metric tonnes CO <sub>2</sub> e       |         |         |
| Gas                                                         | 178.7   | 124     |
| Other Fuels (Bioenergy)                                     | 12      | 12      |
| Fleet (Owned Transport)                                     | 0.5     | 3.3     |
| Scope 2: emissions in metric tonnes CO <sub>2</sub> e       |         |         |
| Purchased electricity                                       | 262.8   | 254     |
| Scope 3: emissions in metric tonnes CO <sub>2</sub> e       |         |         |
| Gas (WTT)                                                   | 29.5    | 20.4    |
| Electricity (T&D)                                           | 23.2    | 4.9     |
| Electricity (WTT)                                           | 58.3    | 56.3    |
| Other fuels (Bioenergy) (WTT)                               | 156.0   | 8.8     |
| Water (Supply)                                              | 0.1     | 0.2     |
| Water (Treatment)                                           | 0.1     | 0.3     |
| Fleet (WTT)                                                 | 0.1     | 0.8     |
| Waste Disposal                                              | 0.5     | -       |
| Business Travel – Transport                                 | 7.3     | 28.0    |
| Business Travel – Transport (WTT)                           | 0.6     | 4.0     |
| Total gross emissions – Metric tonnes CO <sub>2</sub> e     | 940.7   | 517.0   |
| Intensity ratio – tonnes CO <sub>2</sub> e per student      | 0.4     | 0.24    |

#### Qualification and reporting methodology

The College has used the GHG Reporting Protocol – Corporate Standard and has used the 2024 UK Government's conversion factors for Company Reporting. Organisations that operate a 1<sup>st</sup> August to 31<sup>st</sup> July operating year should apply the newest set of available factors.

This year, the report has been expanded to include a further Scope-3 emission category, for Waste Disposal.

For 2024/2025 'Business Travel, Accommodation' will be included.

#### Intensity Measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO<sub>2</sub>e per pupil, the recommended ratio for the sector.

#### Measures taken to improve energy efficiency

The college has a commitment to maintaining an environmentally sustainable, supportive and technologically innovative institution. The building and water is heated by gas along with a biomass system. During 2023/24 the Biomass system experiences a considerable fault that took an extended time to rectify, resulting in an increase in Gas utilisation.

The College has PV solar panels installed on the roof of the main building and workshops. There are no further plans to expand due to limited roof space.

The majority of traditional lighting in the main building has been replaced with LED, along with a number of areas in the workshop blocks. The next stage is to expand the LED project into the storerooms and plant rooms and the outstanding areas within the workshop blocks.

The 2024 period has seen a significant shift in the area of Waste Disposal. There has been improved waste stream separation and in turn improved data to work with resulting in the ability to include Waste data in this report for the first time.

## Merthyr Tydfil College Limited

### Directors' report for the year ended 31 July 2024

#### Directors and their interests

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:

|                           |                             |                                             |       |
|---------------------------|-----------------------------|---------------------------------------------|-------|
| Mr C Sutton*              | Appointed 1 August 2019     | Chair (Term of office ended 31/7/24)        | (4/4) |
| Mr Stephen Forster*       | Appointed 1 August 2023     | (Chair from 1/8/24)_                        | (4/4) |
| Dr Ben Calvert            | Appointed 1 September 2021  | (ex officio)                                | (3/4) |
| Ms Angela Powell          | Appointed 17 October 2022   |                                             | (2/4) |
| Mrs K Burns*              | Appointed 7 May 2014        | Deputy Chair (Term of office ended 31/7/24) | (4/4) |
| Mr Simon Argent*          | Appointed 10 May 2021       | (Resigned 31/7/24)                          | (3/4) |
| Mrs Lisa Thomas           | Appointed 21 September 2018 | (ex officio) Principal / Chief Executive    | (4/4) |
| Ms Sandra Parkitna        | Appointed 27 November 2023  |                                             | (3/3) |
| Mr K Hamblin*             | Appointed 1 August 2019     | (Resigned 31/7/24)                          | (3/4) |
| Mrs Lucy FitzGerald       | Appointed 7 January 2022    | Company Secretary                           | (4/4) |
| Mrs Susan Walker*         | Appointed 1 August 2023     |                                             | (4/4) |
| Mr Ian Morgan*            | Appointed 1 August 2023     |                                             | (4/4) |
| Mrs Louise Evans*         | Appointed 27 November 2023  |                                             | (3/3) |
| Mr Matthew Dicks*         | Appointed 1 August 2024     |                                             |       |
| Mr Alessandro Ceccarelli* | Appointed 1 August 2024     |                                             |       |

\*non-executive directors

() Attendance information is provided for members serving during the year ended 31 July 2024, expressed as the number of meetings of the Board of Directors attended out of a total number of meetings the member was due to attend.

The members of the College Executive normally in attendance at meetings of the Board of Directors are:

Vice Principal Resources & Chief Operating Officer, Vice Principal Curriculum & Quality.

No payments have been made to or on behalf of the above with the exception of Mrs Lisa Thomas (Principal / Chief Executive / Accounting Officer) whose remuneration is disclosed in Note 4, and Ms Angela Powell (Staff Director).

#### Directors' Appointment

Five new members were appointed to the Board of Directors in the 2023/24 academic year, three of which were appointed via an external search exercise. Appointments were approved by the USW Board of Governors as the College's member. Two new members joined the Board from 1 August 2024 who were both appointed via an external search exercise.

#### Training and Development

As part of the USW Group, College Directors were invited to attend short training sessions run by the University during the 2023/24 academic year. Sessions covered the following topics: Welsh Language, Data Protection and Anti-racism. Two College Directors were also in attendance at an Anti-racism development session delivered by the Black Leadership Group which supports the delivery of the College's anti-racism action plan. Directors were also provided with details of any training sessions run by ColegauCymru.

#### Directors' indemnities

The company purchased and maintained throughout the financial year directors' and officers' liability insurance.

This was also in force at the date of approval of the annual report and financial statements.

## Merthyr Tydfil College Limited

### Directors' report for the year ended 31 July 2024 (continued)

#### Dividends

The company is limited by guarantee. The directors do not recommend the payment of a dividend in respect of the year ended 31 July 2024 (2023 – nil)

#### Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance. This statement describes the manner in which the College has due regard to the principles set out in the UK Corporate Governance Code 2018. Its purpose is to help the reader of the annual report and financial statements understand how the principles have been applied. The Boards of Directors of the College is responsible to the Board of Governors of the University which is the sole 'member' of the corporation. The committees of the Board of Governors of the University act as committees for the Boards of Directors of the College as appropriate.

#### Summary of the College's Structure of Corporate Governance

The College's Board comprises of directors appointed in accordance with the Articles of Government. The roles of the Chair and Deputy Chair of the Board are separated from the role of the Principal (as Chief Executive). Those matters specifically reserved to the Board for decision are set out in the Articles of Government of the College. The Board holds to itself the responsibilities for the ongoing strategic direction of the College, the effective and efficient use of resources and the approval of major developments and receives regular reports from senior management.

The Board meets four times a year and is represented at the University of South Wales Group Committees (Finance and Resources, Human Resources and Audit). In addition, a Culture, People and Values Committee makes recommendations to the Board on membership and the remuneration of senior management.

The Finance and Resources Committee considers and advises the Board on long term financial strategies, recommends to the Board annual revenue and capital budgets and longer term forecasts. The committee reviews and makes recommendation to the Board on the annual financial statements and receives regular reports on financial performance and financial position and monitor these reports against budget. In addition the Finance & Resources Committee recommends the approval of the Financial Regulations including any financial policies therein (formally at three-year intervals or when significant changes are made), liquidity and the investment of surplus funds in line with that Policy, and approves or recommends expenditure proposals, contracts and grant applications in line with the Financial Regulations.

Based on the advice of the Audit and Risk Management Committee and the Principal, the Board is of the opinion that the Company has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

The Company Secretary is a member of the FE Governance Network (Wales) Group which seeks to develop and share best practice in governance.

In the opinion of the directors, the College complies with all of the provisions of the UK Corporate Governance Code 2018, in so far as they apply to the further and higher education sectors, and it has complied throughout the year ended 31 July 2024 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. The company is a member of the University of South Wales Equalities Forum, and its sub-groups. Communication with all employees is undertaken through termly staff meetings, and e-mails as required.

## Merthyr Tydfil College Limited

### Directors' report for the year ended 31 July 2024 (continued)

#### Political Contributions

The College made no political contributions or incurred any political expenditure during the period (2024 – Nil)

#### Engagement with Suppliers, Customers and other Business relationships

The Board of Directors have a duty to promote the success of the College for the benefit of its members, having regard to the interests of all its stakeholders including suppliers, customers and other business relationships. This ensures that the college maintains a reputation for high standards of quality and business conduct. The colleges' financial regulations and procedures clearly set out the key principles for this area.

#### Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the strategic report.

#### Provision 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 director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he/she has taken all the steps that ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Board of Directors are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum between the Welsh Government and the Board of Directors of the College, the Board, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, the Accounts Direction for Further Education Colleges in Wales, UK's Generally Accepted Accounting Principles and the Financial Reporting Standard (FRS 102) which give a true and fair view of the state of affairs of the College and its surplus/deficit of income over expenditure for that period.

In preparing the financial statements, the Board is required to:

- "select suitable accounting policies and apply them consistently",
- "make judgements 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",
- "Assess whether the college is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)",
- "prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation".

The Board is also required to prepare a strategic report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Merthyr Tydfil College Limited****Directors' report for the year ended 31 July 2024 (continued)**

On 19<sup>th</sup> November 2024, the College's auditor changed its name from Haysmacintyre LLP to HaysMac LLP.

Directors of the Board are responsible for ensuring that expenditure and income are applied for the purposes intended by the Welsh Government and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the Welsh Government are used only in accordance with the Financial Memorandum with the Welsh Government and any other conditions that may be prescribed from time to time. Directors must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, Board directors are responsible for securing economical, efficient and effective management of the College's resources and expenditure so that the benefits that should be derived from the application of public funds from the Welsh Government and other public bodies are not put at risk.

Approved by order of the Board of Directors on 25 November 2024 and signed on its behalf by:



**Mr Stephen Forster**

**Chair**

**Statement of regularity, propriety and compliance**

As accounting officer I confirm that the college has had due regard to the requirements of grant funding agreements and contracts with the Welsh Government and has considered its responsibility to notify the Welsh Government of material irregularity, impropriety and non-compliance with terms and conditions of funding.

I confirm on behalf of the college that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the college, or material non-compliance with the terms and conditions of funding, under the college's grant funding agreements and contracts with the Welsh Government, or any other public funder.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Welsh Government.

**Signed**



**Accounting Officer**

**Date 25<sup>th</sup> November 2024**

**Statement of the Chair of Directors**

Statement of the chair of directors on behalf of the college, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.

**Signed**



**Chair**

**Date 25<sup>th</sup> November 2024**

## Merthyr Tydfil College Limited

### Public Benefit Statement for the year ended 31 July 2024

Merthyr Tydfil College Limited is a registered charity in England and Wales. The registered address is Merthyr Tydfil College, (University of South Wales), Treforest, Pontypridd, CF37 1DL and the registered number is 1140289. The members of the Board are directors for the purposes of the Companies Act 2006 and also 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.

#### Charitable Objectives

The College promotes the advancement of education and learning for the public benefit. It also provides, maintains and improves performance facilities for the benefit of the local community.

The College is well aware of its public benefit responsibility and, therefore, ensures this is embedded in all of its operations to offer fully inclusive services.

#### Fulfilment of the charitable objectives

##### *Beneficiaries*

The College has a student population of 2,196 learners through different modes of study, 1,770 full time and 426 part time. The primary beneficiaries are students of the College directly engaged in high-quality training in a range of disciplines. However, beneficiaries extend to pre-College students (from the age of fourteen upwards) in addition to local employers and businesses.

##### *Admissions policy*

The College operates a flexible admissions policy and provides for individual needs in the design of learning programmes. For some programmes there are specific entry requirements which are reviewed annually and published in the College prospectus.

##### *Bursaries/scholarships*

Students enrolled at the College are entitled to apply for various support and funding in the same way as anyone studying in further or higher education in Wales. These are funded by the College.

Students studying further education courses at the College are eligible to apply for various means of support. The Education Maintenance Allowance is available to students aged 16 to 19 years with the Assembly Learning Grant available to students aged 19+. The Bursary grant is an alternative means of support which is funded through the Colleges' Access funds.

In addition to the above the College also administers other initiatives that students can access. Subsidised childcare facilities, free meals and transport allowances are available along with financial support for educational visits and study aids.

Higher education students have access to alternative methods of support. The Assembly Learning Grant or the Higher Education Fee Waiver can be applied for depending on individual circumstances. There are also funds available for HE students in financial hardship. The College provides student support and guidance on the application process.

##### *Widening Participation*

The College provides a wide range of programmes for learners from the age of 14 years. Many learners are able to access grant support as a means of tackling social exclusion. In terms of community provision, the College offers a wide range of accredited programmes that are delivered through partnership working with the local county borough council. Likewise, many family learning programmes are offered in community venues on an annual basis.

##### *Community Engagement*

The College offers other facilities which are accessible to students, staff and members of the community. A large sports hall is available for hire along with various sporting equipment. The College facilities are charged at subsidised rates to ensure their accessibility to all.

**Merthyr Tydfil College Limited****Public Benefit Statement for the year ended 31 July 2024 (continued)***Equality*

College staff are an equally diverse body of people with different perspectives, values and attitudes. The College seeks to promote an inclusive environment where such differences are shared and valued, and where any unfair treatment or discrimination is challenged and eliminated.

The University of South Wales Group Strategic Equality Plan 2024-28 sets out our response to the requirements of the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011. This plan presents a clear commitment to not only comply with equality legislation, but also to ensure that all those who work or study at the College are treated with respect and that diverse needs are taken into consideration and responded to. This commitment to equality and diversity is even more important during this current climate of economic uncertainty and substantial change to the education sector. This is a time when it is essential to ensure that steps to ensure equality of opportunity in education and work are put in place and actions are prioritised where they are most needed.

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 has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

## Merthyr Tydfil College Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERTHYR TYDFIL COLLEGE LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### *Opinion*

We have audited the financial statements of Merthyr Tydfil College ("the College") for the year ended 31 July 2024 which comprise the Income and Expenditure Account, Statement of Changes in Reserves, Balance Sheet, 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 College's affairs as at 31 July 2024 and of the College'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 College 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 College'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 Directors' 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 Directors' Report (which includes the strategic 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 Directors' Report has been prepared in accordance with applicable legal requirements.

## Merthyr Tydfil College Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERTHYR TYDFIL COLLEGE LIMITED (continued)

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report (which incorporates 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 College; 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

#### Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page ..., the directors (who are also the directors of the College 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 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 the directors either intend to liquidate the College 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 College and the environment in which it operates, we considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the financial reporting legislation for further education including the Accounts Direction for Further Education Colleges in Wales issued by the Welsh Government, Companies Act 2006 and the Charities Act 2011, and other factors such as taxation and pensions legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of 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; and
- Challenging assumptions and judgements made by management in their accounting estimates

**Merthyr Tydfil College Limited****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERTHYR TYDFIL COLLEGE LIMITED  
(continued)**

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Report on other legal and regulatory requirements**

We are required to report on the following matters under the Further Education Audit Code of Practice of 2015 (effective 1 August 2014) issued by the Welsh Government under the Learning and Skills Act 2000.

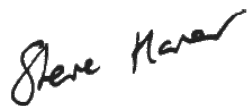
The regulation of the Welsh Further Education sector was transferred from Welsh Government to Medr, the Commission for Tertiary Education and Research on 1 August 2024. The Audit Code of Practice, 2023/24 Accounts Direction and Financial Memorandum issued by Welsh Government remain in place at the date of our report. In view of this transfer, any reference to Welsh Government in our report should be read as also referring to Medr.

In our opinion, in all material respects:

- monies expended out of Welsh Government grants and other funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation;
- funding received from the Welsh Government (and other bodies and restricted funds where appropriate) has been applied in accordance with the Financial Memorandum between the Welsh Government and further education institutions; and
- the financial statements meet the requirements of the Accounts Direction for Further Education Colleges in Wales 2023/24 issued by Welsh Government.

**Use of our report**

This report is made solely to the College'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 College'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 College and the College'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  
Date: 29 November 2024

10 Queen Street Place  
London  
EC4R 1AG

**Merthyr Tydfil College Limited****Company Registration No. 6671721****Income and Expenditure account for the year ended 31 July 2024**

|                                                     |        | <b>2024</b>   | <b>2023</b>  |
|-----------------------------------------------------|--------|---------------|--------------|
|                                                     |        | <b>£'000</b>  | <b>£'000</b> |
| <b>Income</b>                                       |        |               |              |
| Funding body grants                                 | 2      | <b>14,893</b> | 15,713       |
| Tuition fees and education contracts                | 1      | <b>810</b>    | 744          |
| Other income                                        | 3      | <b>1,373</b>  | 1,155        |
| Investment Income                                   |        | <b>519</b>    | 277          |
| <b>Total income</b>                                 |        | <b>17,595</b> | 17,889       |
| <b>Expenditure</b>                                  |        |               |              |
| Staff costs                                         | 4      | <b>10,648</b> | 10,898       |
| Other operating expenses                            |        | <b>4,098</b>  | 4,309        |
| Depreciation and Amortisation                       | 9 + 10 | <b>1,504</b>  | 1,427        |
| Interest and other finance costs                    | 8      | <b>(12)</b>   | 81           |
| <b>Total expenditure</b>                            |        | <b>16,238</b> | 16,715       |
| <b>Surplus for the year</b>                         |        | <b>1,357</b>  | 1,173        |
| Actuarial (loss)/gain in respect of pension schemes | 18     | <b>(28)</b>   | 2,955        |
| <b>Total comprehensive income/(expense)</b>         |        | <b>1,329</b>  | 4,128        |

The accompanying notes on pages 25 to 35 are an integral part of the Financial Statements.

**Merthyr Tydfil College Limited****Statement of Changes in Reserves for the year ended 31 July 2024**

|                                         | <b>£'000<br/>I&amp;E and Pension</b> | <b>£'000<br/>Other</b> | <b>£'000<br/>Total Reserve</b> |
|-----------------------------------------|--------------------------------------|------------------------|--------------------------------|
| <b>Balance at 1 August 2023</b>         | <b>10,944</b>                        | <b>2,168</b>           | <b>13,112</b>                  |
| Surplus for the year                    | 1,609                                | -                      | 1,609                          |
| Other comprehensive income              | (281)                                | -                      | (281)                          |
| Total comprehensive income for the year | 1,329                                | -                      | 1,329                          |
| <b>Balance at 31 July 2024</b>          | <b>12,272</b>                        | <b>2,168</b>           | <b>14,440</b>                  |

The company is limited by guarantee and comprises one member.

The accompanying notes on pages 27 to 38 are an integral part of the Financial Statements.

## Merthyr Tydfil College Limited

Company Registration No. 6671721  
Balance sheet as at 31 July 2024

|                                                                |    | 2024            | 2023          |
|----------------------------------------------------------------|----|-----------------|---------------|
|                                                                |    | £'000           | £'000         |
| <b>Non-current assets</b>                                      |    |                 |               |
| Intangible assets                                              | 9  | 22              | 54            |
| Fixed assets                                                   | 10 | 26,248          | 27,244        |
| <b>Current assets</b>                                          |    |                 |               |
| Stock                                                          |    | 13              | 14            |
| Trade and other receivables                                    | 12 | 381             | 713           |
| Investments                                                    |    | 6,461           | 6,075         |
| Cash and cash equivalents                                      |    | 9,427           | 8,688         |
|                                                                |    | <b>16,283</b>   | 15,490        |
| <b>Creditors: amounts falling due within one year</b>          | 13 | <b>(5,024)</b>  | (5,667)       |
| <b>Net current assets</b>                                      |    | <b>11,259</b>   | 9,823         |
| <b>Total assets less current liabilities</b>                   |    | <b>37,528</b>   | 37,121        |
| <b>Creditors: amounts falling due after more than one year</b> | 14 | <b>(22,523)</b> | (23,388)      |
| <b>Provisions</b>                                              |    |                 |               |
| Pension provisions                                             | 15 | (566)           | (620)         |
| <b>Total net assets</b>                                        |    | <b>14,440</b>   | 13,112        |
| <b>Unrestricted Reserves</b>                                   |    | <b>14,440</b>   | 13,112        |
| <b>Total Reserves</b>                                          |    | <b>14,440</b>   | <b>13,112</b> |

The accompanying notes on pages 25 to 35 are an integral part of the Financial Statements, were approved and authorised for issue by the Board of Directors on 25<sup>th</sup> November 2023 and were signed on its behalf by:



Mr Stephen Forster  
Chair

**Merthyr Tydfil College Limited****Cashflow Statement for the year ended 31 July 2024**

|                                                                     | <b>2024</b>      | <b>2023</b>  |
|---------------------------------------------------------------------|------------------|--------------|
|                                                                     | <b>£'000</b>     | <b>£'000</b> |
| <b>Cash flow from operating activities-</b>                         |                  |              |
| Surplus for the year                                                | <b>1,357</b>     | 1,173        |
| <b>Adjustment for non-cash items</b>                                |                  |              |
| Depreciation                                                        | <b>1,471</b>     | 1,394        |
| Amortisation of intangibles                                         | <b>32</b>        | 32           |
| Decrease in stock                                                   | <b>-</b>         | (1)          |
| Decrease in debtors                                                 | <b>332</b>       | (120)        |
| Decrease in creditors                                               | <b>(642)</b>     | (956)        |
| LGPS pension costs less contributions payable                       | <b>(82)</b>      | 454          |
| Investment income                                                   | <b>(518)</b>     | (277)        |
| Profit on the sale of fixed assets                                  | <b>-</b>         | -            |
| Release of capital grants                                           | <b>(1,199)</b>   | (1,144)      |
| <b>Net cash inflow from operating activities</b>                    | <b>751</b>       | 555          |
| <b>Cash flows from investing activities</b>                         |                  |              |
| Transfers from cash to investments                                  | <b>(728)</b>     | (185)        |
| Proceeds from sale of fixed assets                                  | <b>-</b>         | -            |
| Capital grants receipts                                             | <b>331</b>       | 768          |
| Investment income                                                   | <b>518</b>       | 277          |
| Payments made to acquire fixed assets                               | <b>(477)</b>     | (874)        |
| Payments made to acquire intangible assets                          | <b>-</b>         | -            |
| <b>Net cash inflow/ (outflow) from investing activities</b>         | <b>356</b>       | (14)         |
| <br>Cash and cash equivalents at beginning of the year              | <br><b>8,688</b> | <br>8,145    |
| <br><b>Analysis of Cash and cash equivalents at end of the year</b> |                  |              |
| Short term deposits                                                 | <b>11</b>        | -            |
| Cash at bank and cash in hand                                       | <b>9,416</b>     | 8,688        |
| <b>Total</b>                                                        | <b>9,427</b>     | 8,688        |

The accompanying notes on pages 25 to 35 are an integral part of the Financial Statements

## Merthyr Tydfil College Limited

### Accounting policies

#### Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP) in accordance with the Financial Reporting Standards (FRS 102) and the Charities Act 2011. The College is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102. The financial statements are in accordance with the historical cost convention.

#### Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. In assessing whether the going concern basis is appropriate the Directors have considered the College's expected future cash flows and are satisfied that the College has adequate resources to continue in operational existence for a minimum of 12 months from the date of the signing of the financial statements. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

#### Recognition of income

Funding body grants are accounted for in the year to which they relate.

Tuition fee income is credited to the income and expenditure account over the period in which students are studying.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

#### Pension schemes

Retirement benefits for employees of the Company are provided by the Teachers' Pensions Scheme Agency (TPS) and the Rhondda Cynon Taff Pension Fund (RCTPF), a Local Government Pension Scheme (LGPS). RCTPF is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme.

The discount rate used to calculate the liability has decrease by 0.10%. As a result of this decrease and inflation rates, the future surplus in the RCTPF has increased from £1,060k in 2022/23 to £2,570k in 2023/24. The 2023 valuation reported that the College still has a legal obligation to make contributions to the fund, therefore the College has adopted the accounting standard IAS 19 to report pension surpluses.

Following the calculation to adopt the IAS 19 approach the net present value of the future contributions relating to benefit accrual exceeds the net present value of future service costs, measured over the remaining future work lifetime of the active employees. As a result of this, surpluses will be capped at nil across the USW Group. This approach will note that the value of the net assets will not exceed the value of the liabilities and will report a nil balance on the balance sheet.

## **Merthyr Tydfil College Limited**

### **Accounting policies (continued)**

In the prior year, due to the exceptionally high inflation rates, we had a constructive obligation to account for emerging inflation and therefore apply a CPI %age to the Pension Liability. Inflation is now reporting at a much lower figure and therefore the actuaries have reverted to a calculation method and not provide for high emerging inflation rates. This has resulted in a small gain on the liabilities.

It has not been possible to identify the institution's share of the TSS scheme and as such they are accounted for as if they were defined contribution schemes.

#### **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.

#### **Employment Benefits**

Short term employment benefits 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.

#### **Operating Leases**

Rentals paid under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

#### **Foreign currency**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Surplus or Deficit.

#### **Taxation Status**

The College is a registered charity within the meaning of Chapter 1, Section 3 of the Charities Act 2011 and as such is a charity within the meaning of Section 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 section 478 – 488 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Tax 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

#### **Intangible assets**

Intangible assets which comprise software are amortised over 4 years representing the estimated economic life of the asset. Each year the assets are reviewed for indicators of impairment and where identified full impairment review is carried out and reflected in the financial accounts.

## Merthyr Tydfil College Limited

### Accounting policies (continued)

#### Tangible Fixed Assets

Tangible fixed assets are recorded at purchase cost, including non-recoverable VAT, incidental costs of acquisition, less accumulated depreciation and accumulated impairment losses. Each year the assets are reviewed for indicators of impairment and where identified full impairment review is carried out and reflected in the financial accounts

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.

The principal rates used for this purpose are:

|                       |                                    |
|-----------------------|------------------------------------|
| Buildings             | - up to 50 years straight line     |
| Fixtures and fittings | - between 3-25 years straight line |
| Plant and machinery   | - between 3-40 years straight line |

Land is not depreciated

Assets under construction represent the cost of purchasing, constructing and installing tangible fixed assets ahead of their productive use. No depreciation is charged on assets under construction until they are transferred to the appropriate asset heading when they are brought into use.

#### Land and buildings

The freehold interest in land and buildings is included in the balance sheet at cost. Land and buildings acquired, buildings constructed or building refurbishments undertaken during the year, are included at cost less depreciation.

Finance costs directly attributable to the construction of fixed assets are capitalised as part of the cost of those assets.

#### Assets Financed by Capital Grant or Donations

Where fixed assets are acquired with the aid of specific grants and donations, they are capitalised and depreciated as above. The related grants or donations are credited to deferred capital grants and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

#### **Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

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

#### **Reserves**

The college is aware of the need to secure its viability beyond the immediate future. The college recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support its core activities and to invest for its future needs. The reserves which the college retains can be categorised as follows:

Capital Reserves – To provide funds to meet the current and future capital spend requirements.

Strategic Reserve – To meet the cost requirements of strategic initiatives as per the college strategic plan

It is the colleges intention to continue to increase reserves through the generation of annual operating surpluses

Other reserves arose on incorporation and represent the assets and liabilities transferred from the University of South Wales, with the addition of £197k revaluation of Land and Buildings on 1<sup>st</sup> August 2014.

#### **Stock**

Stocks are valued at the lower of cost and net realisable value.

## **Merthyr Tydfil College Limited**

### **Accounting policies (continued)**

#### **Provisions**

Provisions are recognised in the financial statements when :

- (a) The College has a present obligation (legal or constructive) as a result of a past event;
- (b) It is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) A reliable estimate can be made of the amount of the obligation.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

#### **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 amounts of assets, liabilities, income and expenses. Actual results may differ from these 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.

Volatility in the financial markets over the last few years has continued to impact on the valuations of the RCTPF on the balance sheet resulting in maintaining a pension surplus. The LGPS 2022 valuation reported that Merthyr College still had a legal obligation to make contributions to the fund, therefore Merthyr College adopted the accounting standard IAS19 to report on Pension surpluses. This approach will note that the value of the net assets will not exceed the value of the liabilities and will report a nil balance on the balance sheet.

**Merthyr Tydfil College Limited****Notes to the financial statements for the year ended 31 July 2024****1. Tuition fees and education contracts**

|                                | <b>2024</b>  | <b>2023</b>  |
|--------------------------------|--------------|--------------|
|                                | <b>£'000</b> | <b>£'000</b> |
| Full-time home and EU students | 690          | 613          |
| Part-time students             | 120          | 131          |
|                                | <b>810</b>   | <b>744</b>   |

**2. Funding body grants**

|                            | <b>2024</b>   | <b>2023</b>   |
|----------------------------|---------------|---------------|
|                            | <b>£'000</b>  | <b>£'000</b>  |
| Government Recurrent grant | 12,174        | 14,494        |
| Specific Government grants | 1,520         | 75            |
| Release of capital grants  | 1,199         | 1,144         |
|                            | <b>14,893</b> | <b>15,713</b> |

**3. Other Income**

|                   | <b>2024</b>  | <b>2023</b>  |
|-------------------|--------------|--------------|
|                   | <b>£'000</b> | <b>£'000</b> |
| European Projects | 470          | 493          |
| Nursery           | 347          | 362          |
| Miscellaneous     | 556          | 300          |
|                   | <b>1,373</b> | <b>1,155</b> |

**4. Staff costs**

|                       | <b>2024</b>   | <b>2023</b>   |
|-----------------------|---------------|---------------|
|                       | <b>£'000</b>  | <b>£'000</b>  |
| Salaries              | 7,848         | 8,085         |
| Social security costs | 1,166         | 829           |
| Other pension costs   | 1,634         | 1,984         |
|                       | <b>10,648</b> | <b>10,898</b> |

|                                                  | <b>2024</b>  | <b>2023</b>  |
|--------------------------------------------------|--------------|--------------|
|                                                  | <b>£'000</b> | <b>£'000</b> |
| Emoluments of the Principal / Accounting Officer |              |              |
| Salary                                           | 132          | 119          |
| Pensions                                         | 33           | 28           |
|                                                  | <b>165</b>   | <b>147</b>   |

|                                  | <b>2024</b>  | <b>2023</b>  |
|----------------------------------|--------------|--------------|
|                                  | <b>£'000</b> | <b>£'000</b> |
| Emoluments of the Staff Director |              |              |
| Salary                           | 47           | 46           |
| Pensions                         | 12           | 11           |
|                                  | <b>59</b>    | <b>57</b>    |

## Merthyr Tydfil College Limited

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

Other than the Principal and Staff Director there are no other remunerated directors

#### Remuneration of the Principal expressed as:

|                                                                                                                                                    | 2024 | 2023 |
|----------------------------------------------------------------------------------------------------------------------------------------------------|------|------|
| Basic salary as a multiple of the median basic salary of all staff                                                                                 | 4.17 | 4.55 |
| Total remuneration as a multiple of the median total remuneration to all staff<br>(All full time and part time staff but excluding agency workers) | 4.34 | 4.87 |

Senior staff who fall outside of the national pay spine and incremental scale, is considered by the Culture, People and Values Committee (CPVC). The CPVC met on 26<sup>th</sup> June 2023, with the recommendations ratified by the College Board of Directors at their meeting of 3<sup>rd</sup> July 2023. The College Board in agreeing the Principal's remuneration considers a range of information which includes bench marking to other Welsh institutions, UK institutions, institutions of a comparable size and institutions with similar missions. The Board is also cognisant of wider institutional financial and academic performance, specifically annual reports of CPIs. The CPVC is also informed by the Vice Chancellor of their appraisal of individual performance as it relates to institutional performance. The Principal is the highest paid member of staff.

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

|                     | 2024   | 2023   |
|---------------------|--------|--------|
|                     | Number | Number |
| £60,000 - £65,000   | -      | -      |
| £65,000 - £70,000   | 2      | -      |
| £70,000 - £75,000   | -      | 2*     |
| £75,000 - £80,000   | -      | -      |
| £80,000 - £85,000   | 1      | -      |
| £85,000 - £90,000   | 1      | -      |
| £90,000 - £95,000   | -      | -      |
| £95,000 - £100,000  | -      | 1      |
| £100,000 - £105,000 | -      | -      |
| £105,000 - £110,000 | -      | -      |
| £110,000 - £115,000 | -      | -      |
| £115,000 - £120,000 | -      | -      |
| £120,000 - £125,000 | -      | -      |
| £125,000 - £130,000 | -      | -      |
| £130,000 - £135,000 | 1      | 1      |

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are the same individuals as those included in the higher paid staff table above. These comprise the Principal\*, Vice Principal Resources and the Vice Principal Academic. Vice Principal salaries are on a fixed point and are reflective of their position and responsibilities.

|                                       | 2024<br>£'000 | 2023<br>£'000 |
|---------------------------------------|---------------|---------------|
| Key management personnel compensation |               |               |
| Salary                                | 304           | 332           |
| Pension Contributions                 | 48            | 57            |
|                                       | 352           | 389           |

**Merthyr Tydfil College Limited****Notes to the financial statements for the year ended 31 July 2024 (continued)**

| <b>Atypical Staff</b> | <b>2024<br/>£'000</b> | <b>2023<br/>£'000</b> |
|-----------------------|-----------------------|-----------------------|
| Agency Staff          | 28                    | 39                    |

Retirement benefits are accruing to 94 employees under a defined benefit scheme. (Retirement benefits for 2023 were also accruing for 94 employees).

The monthly average number of employees by headcount (including senior post-holders) by major category during the year was as follows:

|                         | <b>2024<br/>Number</b> | <b>2023<br/>Number</b> |
|-------------------------|------------------------|------------------------|
| Academic                | 141                    | 157                    |
| Management & specialist | 27                     | 30                     |
| Technical               | 6                      | 6                      |
| Other                   | 53                     | 54                     |
|                         | <b>227</b>             | <b>247</b>             |

The monthly average number of employees by FTE (including senior post-holders) by major category during the year was as follows:

|                         | <b>2024<br/>Number</b> | <b>2023<br/>Number</b> |
|-------------------------|------------------------|------------------------|
| Academic                | 150                    | 158                    |
| Management & specialist | 23                     | 21                     |
| Technical               | 6                      | 6                      |
| Other                   | 37                     | 44                     |
|                         | <b>216</b>             | <b>229</b>             |

**5. Directors expenses and related party transactions**

No expenses were paid to directors during the year 2024(2023 – nil). No Director or other person related to the College had any personal interest in any contract or transaction entered into by the College during the year.

**6. Severance Payments**

The college paid 4 severance payments in the year, disclosed in the following bands:

|                     |   |
|---------------------|---|
| £0 - £25,000        | 3 |
| £25,001 - £50,000   | 1 |
| £50,001 - £100,000  | - |
| £100,001 - £150,000 | - |
| £150,000 +          | - |

Included in staff restructuring costs are special severance payments totalling £45,495k (2023: £117,877).

Individually, the payments were: £7,104(Contractual £7004k), £6,590(Contractual £6,590), £2,894(Contractual £394) and £28,907(Contractual £2,885).

**Merthyr Tydfil College Limited****Notes to the financial statements for the year ended 31 July 2024 (continued)****7. Trade Union Facility Time**

|                                                                                       |             |
|---------------------------------------------------------------------------------------|-------------|
| Number of employees who were relevant union officials during the period               | 2           |
| Full-time equivalent employee number                                                  | 0.2 FTE     |
| Total cost of facility time                                                           | £10,697     |
| Total pay bill                                                                        | £10,648,052 |
| Percentage of pay bill spent on facility time                                         | 0.10%       |
| Time spent on paid trade union activities as a percentage of total paid facility time | 100%        |

**8. Interest and other finance costs**

|                              | <b>2024</b>  | <b>2023</b>  |
|------------------------------|--------------|--------------|
|                              | <b>£'000</b> | <b>£'000</b> |
| Net charge on pension scheme | (12)         | 81           |

**9. Analysis of expenditure by activity**

|                                                                  | <b>2024</b>   | <b>2023</b>  |
|------------------------------------------------------------------|---------------|--------------|
|                                                                  | <b>£'000</b>  | <b>£'000</b> |
| Academic and related expenditure                                 | <b>8,733</b>  | 8,818        |
| Administration and central services                              | <b>2,326</b>  | 2,247        |
| Premises (including service concession costs)                    | <b>2,194</b>  | 2,336        |
| Residences, catering and conferences                             | <b>99</b>     | 71           |
| Other expenses                                                   | <b>2,360</b>  | 2,487        |
|                                                                  | <b>15,712</b> | 15,989       |
| Other operating expenses included:                               |               |              |
| External auditor's remuneration in respect of audit services     | <b>25</b>     | 30           |
| External auditor's remuneration in respect of non-audit services | <b>4</b>      | 6            |
| Operating Lease rentals                                          |               |              |
| <i>Land &amp; Buildings</i>                                      | <b>95</b>     | 117          |
| <i>Other</i>                                                     | -             | 3            |

## Merthyr Tydfil College Limited

## Notes to the financial statements for the year ended 31 July 2024 (continued)

|                                 | 2024         | 2023         |
|---------------------------------|--------------|--------------|
| <b>10. Intangible assets</b>    |              |              |
| <b>Software</b>                 | <b>£'000</b> | <b>£'000</b> |
| <b>Cost</b>                     |              |              |
| Opening balance                 | 300          | 300          |
| Additions in year               | -            | -            |
| Closing balance                 | 300          | 300          |
| <b>Accumulated Amortisation</b> |              |              |
| Opening balance                 | 246          | 214          |
| Charge for the year             | 32           | 32           |
| Closing balance                 | 278          | 246          |
| <b>Net book value</b>           | <b>22</b>    | <b>54</b>    |

|                                 |                                            |                                            |                                                    |               |
|---------------------------------|--------------------------------------------|--------------------------------------------|----------------------------------------------------|---------------|
| <b>11. Fixed assets</b>         |                                            |                                            |                                                    |               |
|                                 | <b>Freehold<br/>Land and<br/>Buildings</b> | <b>Fixtures<br/>Fittings<br/>Equipment</b> | <b>&amp;<br/>Assets<br/>under<br/>Construction</b> | <b>Total</b>  |
|                                 | <b>£'000</b>                               | <b>£'000</b>                               | <b>£'000</b>                                       | <b>£'000</b>  |
| <b>Cost</b>                     |                                            |                                            |                                                    |               |
| At 1 August 2023                | 31,323                                     | 5,323                                      | -                                                  | 36,646        |
| Additions                       | -                                          | 439                                        | 38                                                 | 477           |
| <b>At 31 July 2024</b>          | <b>31,323</b>                              | <b>5,762</b>                               | <b>38</b>                                          | <b>37,123</b> |
| <b>Accumulated depreciation</b> |                                            |                                            |                                                    |               |
| At 1 August 2023                | 6,356                                      | 3,045                                      | -                                                  | 9,401         |
| Charge for the year             | 593                                        | 881                                        | -                                                  | 1,474         |
| <b>At 31 July 2024</b>          | <b>6,949</b>                               | <b>3,926</b>                               | <b>-</b>                                           | <b>10,875</b> |
| <b>Net book value</b>           |                                            |                                            |                                                    |               |
| <b>At 31 July 2024</b>          | <b>24,374</b>                              | <b>1,836</b>                               | <b>38</b>                                          | <b>26,248</b> |
| <b>At 31 July 2023</b>          | <b>24,967</b>                              | <b>2,281</b>                               | <b>-</b>                                           | <b>27,248</b> |

**Merthyr Tydfil College Limited****Notes to the financial statements for the year ended 31 July 2024 (continued)****12. Trade and other receivables**

|                                    | <b>2024</b>  | <b>2023</b>  |
|------------------------------------|--------------|--------------|
|                                    | <b>£'000</b> | <b>£'000</b> |
| Trade receivables                  | <b>36</b>    | 79           |
| Other receivables                  | <b>113</b>   | 361          |
| Prepayments and accrued income     | <b>221</b>   | 153          |
| Amounts owed by group undertakings | <b>11</b>    | 120          |
|                                    | <b>381</b>   | 713          |

Amounts due from group undertakings are unsecured, free from interest and payable on demand.

**13. Creditors: amounts falling due within one year**

|                                             | <b>2024</b>  | <b>2023</b>  |
|---------------------------------------------|--------------|--------------|
|                                             | <b>£'000</b> | <b>£'000</b> |
| :                                           |              |              |
| Trade payables                              | <b>167</b>   | 36           |
| Amounts owed to group undertakings          | <b>124</b>   | 169          |
| Deferred Government Capital Grant           | <b>1,150</b> | 1,153        |
| Social security and other taxation payables | <b>346</b>   | 618          |
| Accruals and deferred income                | <b>3,237</b> | 3,691        |
|                                             | <b>5,024</b> | 5,667        |

Included within deferred income is deferred capital government grant income of £0k (2023: £0k) and deferred revenue government grant income of £1,809k (2023: £1,852k)

Amounts due to group undertakings are unsecured, free from interest and payable on demand.

**14. Creditors: amounts falling due after more than one year**

|                                   | <b>2024</b>   | <b>2023</b>  |
|-----------------------------------|---------------|--------------|
|                                   | <b>£'000</b>  | <b>£'000</b> |
| Deferred Government Capital Grant | <b>22,523</b> | 23,387       |

## Merthyr Tydfil College Limited

## Notes to the financial statements for the year ended 31 July 2024 (continued)

## 15. Provisions

## Pension Provisions

|                        | Pension<br>enhancement on<br>termination<br>£'000 | Defined<br>Benefit obligation<br>(see Note 16)<br>£'000 | Total<br>£'000 |
|------------------------|---------------------------------------------------|---------------------------------------------------------|----------------|
| <b>Cost</b>            |                                                   |                                                         |                |
| At 1 August 2023       | 620                                               | -                                                       | 620            |
| Utilised in year       | (54)                                              | -                                                       | (54)           |
| Additional provision   | -                                                 | -                                                       | -              |
| <b>At 31 July 2024</b> | <b>566</b>                                        | <b>-</b>                                                | <b>566</b>     |

## 16. Lease obligations

## Total rentals payable under operating leases:

|                                             | Land and<br>Buildings<br>£'000 | Plant and<br>Machinery<br>£'000 | 2024<br>Total<br>£'000 | 2023<br>Total<br>£'000 |
|---------------------------------------------|--------------------------------|---------------------------------|------------------------|------------------------|
| Payable during the year                     | 95                             | -                               | 95                     | 120                    |
| Future minimum lease payments due:          |                                |                                 |                        |                        |
| Not later than 1 year                       | -                              | -                               | -                      | 119                    |
| Later than 1 year and not less than 5 years | -                              | -                               | -                      | 119                    |
| Later than 5 years                          | -                              | -                               | -                      | -                      |
| <b>Total lease payments due</b>             | <b>-</b>                       | <b>-</b>                        | <b>-</b>               | <b>119</b>             |

## 17. Related party transactions

The College is a wholly-owned subsidiary of the University of South Wales, and is included in the consolidated financial statements of the University of South Wales, which are publicly available from University of South Wales, Pontypridd, Rhondda Cynon Taff, CF39 1DL .

Due to the nature of the College's operations and the composition of the Board of Directors (being drawn from local public and private sector organisations), it is likely that transactions will take place with organisations in which a member of the Board of Directors may have an interest. All transactions involving organisations in which a member of the Board of Directors may hold dual directorship have been assessed and would not fall under the category of related party transaction.

Other than those disclosed elsewhere in the financial statements, no transactions were identified which would be disclosed under FRS102 Related Party Disclosures.

**Merthyr Tydfil College Limited****Notes to the financial statements for the year ended 31 July 2024 (continued)**

| <b>Organisation</b>           | <b>31 July 2024</b>          |                           | <b>31 July 2023</b>          |                           |
|-------------------------------|------------------------------|---------------------------|------------------------------|---------------------------|
|                               | <b>Expenditure<br/>£'000</b> | <b>Creditor<br/>£'000</b> | <b>Expenditure<br/>£'000</b> | <b>Creditor<br/>£'000</b> |
| The University of South Wales | 363                          | -                         | 331                          | -                         |
| USW Services Ltd              | 365                          | -                         | 313                          | -                         |
| USW Commercial Services       | 54                           | -                         | 36                           | -                         |
| Tydfil Training Consortium    | 113                          | 85                        | 142                          | 94                        |

**18. Pensions**

The Company participates in two pension schemes, the Rhondda Cynon Taff Pension Fund (RCTPF) for non-academic staff, and the Teachers' Pension Scheme (TPS) for academic staff. The assumptions made are detailed within this note. There have been two court cases that effect the LGPS defined benefit scheme. They relate to the guaranteed minimum pensions equalisation (GMPs) and age discrimination (McCloud). The impact of these cases are still uncertain, but following actuarial advice, a provision has been included as part of the assumptions in this note.

**Teacher's Pension Scheme**

The Teachers' Pension Scheme is a contributory "sector-wide" scheme for academic staff administered by the Teachers' Pension Agency on behalf of the Department for Education and Skills. The scheme, which does not have a fund but instead operates on a 'pay-as-you-go' basis, is subject to actuarial valuation every five years for the purpose of determining the "sector-wide" contribution rates. The latest actuarial valuation of the scheme was as at 31 March 2016. The cost of pension increases is currently excluded from the valuation and neither employees nor employers contribute to this added value to the employee, which is met directly by the Exchequer. The contribution rate during the year was 23.68% from August 2023 to March 2024 and 28.68% from April 2024 to July 2024. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the Income and Expenditure account of £1,079k, (2023 £1,096k) is equal to the contributions payable to the scheme for the year.

**Rhondda Cynon Taff County Borough Council Pension Fund****Funding Valuation**

This scheme provides benefits for non-academic staff based on final pensionable salary. The scheme is valued every three years as required under Regulation 77(1) of the Local Government Pension Scheme Regulations 1997 (SI 1997 No. 1612). The latest valuation was undertaken by independent consulting actuaries as at 31 March 2022. Under the definitions set out in FRS 102, the Local Government Pension Scheme is a multi employer defined benefit pension scheme. In the case of the LGSS, the actuary of the scheme has identified the Institution's share of its assets and liabilities as at 31 July 2024. 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 £2.2m increase to the defined benefit obligation at 31 July 2024

The College employs a building block approach in determining the rate of return on Fund Assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund as at 31 July 2024.

## Merthyr Tydfil College Limited

## Notes to the financial statements for the year ended 31 July 2024 (continued)

**FRS102**

In accordance with the requirements of Financial Reporting Standard 102, the independent consulting actuaries updated the results of the March 2022 actuarial valuation in order to ascertain the valuation of the "sub-funds" in the scheme at 31 July 2024.

The principal assumptions used by the actuary in this respect were:-

|                                           | 2024 | 2023 | 2022 |
|-------------------------------------------|------|------|------|
|                                           | %    | %    | %    |
| Discount rate / interest income on assets | 5.00 | 5.10 | 3.50 |
| General increases in pensionable salaries | 3.70 | 3.85 | 3.75 |
| CPI pension increases                     | 2.70 | 2.85 | 2.75 |

The current mortality assumptions include an allowance for future improvements in mortality rates. Assumed life expectations on retirement today and at age 65 are:-

|                              | 2024<br>Number | 2023<br>Number |
|------------------------------|----------------|----------------|
| <b>Retiring Today:</b>       |                |                |
| Males                        | 20.2           | 20.9           |
| Females                      | 23.1           | 23.6           |
| <b>Retiring in 20 years:</b> |                |                |
| Males                        | 21.1           | 21.8           |
| Females                      | 24.2           | 24.7           |

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

|                  | 2024<br>£'000 | 2023<br>£'000 |
|------------------|---------------|---------------|
| Equities         | 12,186        | 11,118        |
| Government bonds | 2,124         | 1,987         |
| Corporate bonds  | 2,809         | 2,180         |
| Property         | 1,154         | 1,406         |
| Other            | 364           | 71            |
| Cash             | 28            | 96            |
|                  | 18,665        | 16,858        |

**Analysis of amounts shown in the balance sheet**

|                                                        | 2024<br>£'000 | 2023<br>£'000 | 2022<br>£'000 | 2021<br>£'000 | 2020<br>£'000 |
|--------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Estimated share of assets                              | 18,665        | 16,858        | 16,241        | 18,113        | 14,373        |
| Present value of scheme liabilities                    | (18,665)      | (16,858)      | (18,771)      | (26,982)      | (22,936)      |
| <b>Deficit in the scheme – net pension liabilities</b> | -             | -             | (2,530)       | (8,869)       | (8,563)       |

## Merthyr Tydfil College Limited

## Notes to the financial statements for the year ended 31 July 2024(continued)

|                                                                                   | 2024<br>£'000 | 2023<br>£'000 |
|-----------------------------------------------------------------------------------|---------------|---------------|
| <b>Analysis of the amount charged to staff costs within the operating surplus</b> |               |               |
| Current service cost                                                              | 446           | 764           |
| Past service cost                                                                 | -             | -             |
|                                                                                   | 446           | 764           |
| <b>Analysis of the amount charged to interest payable and similar charges</b>     |               |               |
|                                                                                   | 2024<br>£'000 | 2023<br>£'000 |
| Interest income on assets                                                         | (810)         | (574)         |
| Interest on pension scheme liabilities                                            | 798           | 665           |
| Net charge                                                                        | (12)          | 81            |
| <b>Analysis of amount recognised in other comprehensive income</b>                |               |               |
|                                                                                   | 2024<br>£'000 | 2023<br>£'000 |
| Actuarial gain on assets                                                          | 826           | (277)         |
| Changes in assumptions underlying the present value of scheme liabilities         | 782           | 3,529         |
| Experience loss on liabilities                                                    | (1,636)       | (297)         |
| Actuarial gain/(loss) recognised in other comprehensive income                    | (28)          | 2,955         |
| <b>Movement in deficit during the year</b>                                        |               |               |
|                                                                                   | 2024<br>£'000 | 2023<br>£'000 |
| 1 August                                                                          | -             | (2,530)       |
| Current service cost                                                              | (446)         | (764)         |
| Contributions                                                                     | 476           | 433           |
| Admin                                                                             | (14)          | (13)          |
| Past service costs                                                                | -             | -             |
| Other finance charge                                                              | 12            | (81)          |
| Actuarial (loss)/gain                                                             | (28)          | 2,955         |
| 31 July                                                                           | -             | -             |

**Merthyr Tydfil College Limited****Notes to the financial statements for the year ended 31 July 2024 (continued)****Analysis of the movement in the present value of scheme liabilities**

|                                      | <b>2024</b>  | <b>2023</b>  |
|--------------------------------------|--------------|--------------|
|                                      | <b>£'000</b> | <b>£'000</b> |
| Opening present value of liabilities | 15,797       | 18,771       |
| Current service cost                 | 446          | 764          |
| Past service cost                    | -            | -            |
| Interest cost                        | 798          | 655          |
| Contributions by participants        | 180          | 168          |
| Actuarial loss on liabilities        | (656)        | (4,292)      |
| Net benefits paid                    | (471)        | (269)        |
| Closing present value of liabilities | 16,094       | 15,797       |

**Analysis of the movement in the market value of scheme assets**

|                                   | <b>2024</b>  | <b>2023</b>  |
|-----------------------------------|--------------|--------------|
|                                   | <b>£'000</b> | <b>£'000</b> |
| Opening fair value of assets      | 16,858       | 16,241       |
| Interest income on assets         | 810          | 574          |
| Actuarial gain on assets          | 826          | (277)        |
| Contributions by the Employer     | 477          | 433          |
| Contributions by the participants | 180          | 168          |
| Net benefits paid out             | (471)        | (269)        |
| Administration expenses           | (14)         | (13)         |
| Closing fair value of assets      | 18,665       | 16,857       |

**Analysis of the amount shown in the balance sheet for LGPS pensions:**

|                                                                  | <b>2024</b>  | <b>2023</b>  |
|------------------------------------------------------------------|--------------|--------------|
|                                                                  | <b>£'000</b> | <b>£'000</b> |
| Fair value of fund assets                                        | 18,665       | 16,858       |
| Present value of defined benefit obligation                      | (16,095)     | (15,798)     |
| <b>Pension asset before adjustments</b>                          | 2,570        | 1,061        |
| Effect of asset ceiling (FRS102 para28.22)                       | (2,570)      | (1,061)      |
| <b>Net pension asset/(liability) recognised on Balance Sheet</b> | -            | -            |

**Merthyr Tydfil College Limited****Notes to the financial statements for the year ended 31 July 2024(continued)****History of experience gains and losses**

|                                                                           | <b>2024</b>  | <b>2023</b>  | <b>2022</b>  | <b>2021</b>  | <b>2020</b>  |
|---------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
|                                                                           | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> |
| Actuarial gain on assets                                                  | 826          | (277)        | (2,217)      | 3,405        | 919          |
| Changes in assumptions underlying the present value of scheme liabilities | 782          | (3,529)      | 7,752        | 749          | (298)        |
| Experience (losses)/gains on liabilities                                  | (1,636)      | (297)        | 1,917        | (3,614)      | (1,213)      |
| Total amount recognised in the other comprehensive income                 | (28)         | 2,955        | 7,452        | 540)         | (592)        |

\*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. As this reflects the policy for the surplus.

**17. 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 are obtainable from the following address:

University of South Wales  
Pontypridd  
Rhondda Cynon Taff.  
CF37 1DL

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# Accounts

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**Y Coleg  
Merthyr Tudful  
The College  
Merthyr Tydfil**

**Merthyr Tydfil College Limited**

**Coleg Merthyr Tudful Cyfyngedig**

**Annual Report and Financial  
Statements for the year ended  
31<sup>st</sup> July 2023**

**Merthyr Tydfil College Limited****Annual Report and Financial Statements for the year ended 31 July 2023**

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## Merthyr Tydfil College Limited

### Strategic Report for the year ended 31 July 2023

The directors present their strategic report and the audited financial statements of The College Merthyr Tydfil (known as 'the Company' or 'the College') for the year ended 31 July 2023. The financial statements have been prepared to comply with the Companies Act 2006 and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019, the Financial Reporting Standards (FRS 102) and in accordance with the Accounts Direction for Further Education Colleges in Wales 2022/23.

#### Principal activities

The College is a wholly owned subsidiary of the University of South Wales (USW) and the principal activities are the provision of further education, higher education, work based learning, professional training, consultancy and the delivery of Government initiatives to industry.

#### Business review and future developments

During the year, the Board reviewed the five-year strategic plan which articulates how the College will develop. The College's strategic priorities are:

- To provide an outstanding learning experience by placing our learners at the heart of everything we do.
- To offer an innovative and responsive curriculum that supports all learners to progress on to their chosen career pathway.
- To provide a safe, supportive and inclusive college environment for all learners and staff
- To work collaboratively across our region to deliver inspiring and effective skills and training programmes that promote lifelong learning, support economic growth and meet stakeholder needs.
- To provide effective Financial, HR and Estates strategies to maximise sustainability and resilience, supporting future investment in the college as a first class learning and working environment for all.

#### Curriculum developments

The College works in partnership with local schools, the local authority, employers and the South East Wales Regional Partnership to offer an innovative, distinctive, high quality curriculum that raises aspirations and transforms lives. The College curriculum provides industry relevant, employer focussed courses and qualifications with appropriate progression pathways for learners of all abilities and ages to succeed and progress on to higher level learning, apprenticeships or employment.

The college's Curriculum Portfolio Group provides an effective platform for employers and local community representatives to feed into curriculum development and delivery. This feedback, together with the use of detailed EMSI (Economic Modelling Specialist International) labour market intelligence data, has enabled the college to bring together and triangulate local school planning data, labour market intelligence and employer feedback to ensure that our curriculum is both demand-led and inclusive whilst also responding to industry and economic need. This has resulted in the successful introduction of new industry relevant courses and pathways to support key regional skills priority areas, including Cyber, Digital, Construction and Built Environment and Green and sustainable technologies. In 2022, the college also introduced a new lower-level Vocational pathways course to bridge gaps in provision and extend the choices available to learners. This has proved very popular, with over 48 learners enrolling on this course for 2023 entry.

#### Partnerships

The college has strong partnership links with local schools, with 78% of the year 11 pupils progressing to the college in September 2023 (2022: 80%). This is further enhanced through a comprehensive school transition programme, including taster days, open evenings, Have A Go Events, attendance at year 11 assemblies and parents evenings and school based subject talks.

During 2022-2023, the college has continued to build upon its excellent relationships with local employers, engaging with over 176 employers and progression partners across the year to drive forward college provision, on-line work experience placements and volunteering opportunities, employability advice and guidance, employer engagement projects, provision of part-time training and development through both our part-time funding and PLA route, careers talks and virtual careers fairs, progression and taster events. Key employers engaged with include, Tilbury Douglas, General Dynamics, Tenneco, Cyber First Schools, Saffron Seats, BBC Cymru, Panasonic, Tenneco, Creative Wales, Barclays, Cwm Taf Health Board, Valleys Construction, Active Merthyr, Table Tennis Wales, Cyber Cymru Wales, Royal College of Nursing Cadet Scheme, Bridewell, Dwr Cymru and many more.

## Merthyr Tydfil College Limited

### Strategic report for the year ended 31 July 2023 (continued)

#### Learner Voice

The College conducts annual first experience and learner voice surveys, which seek views on teaching and learning quality, student experience, assessment and feedback, learner support, learner voice and other key quality indicators. Outcomes of our 2022/2023 surveys indicate that 92% of further education learners were satisfied with their learning experience at college (2021/2022:86%).

Higher Education (HE) learners also take part in the annual National Student Survey. The NSS Survey highlighted that 80% of HE learners were satisfied with their experience at college (2021/2022:87%).

Feedback from the surveys is used alongside the outcomes of learner focus groups to improve and develop college courses, learner support, enrichment and general college life to enhance the student experience. Feedback is discussed with the learners themselves and staff with resultant actions communicated back to learners through a variety of mechanisms, including You Said, We Did campaigns.

#### Results

The company's surplus for the year ended 31 July 2023 was £1,173 (2022: £778K).

The College's cash and liquidity positions remained strong throughout the year, with year-end cash balances exceeding target with a healthy current ratio (current assets to current liabilities). The College wishes to continue to accumulate cash balances to fund future planned capital developments. To achieve this, the College has continued its drive for efficiency in the education and training it delivers. This has been, and will be, achieved by thoroughly reviewing its curriculum provision, effective deployment of resources, and best value procurement of goods and services. Significant re-investment into the College estate and plant and equipment ensures that learners have quality resources to support the educational process.

#### Going Concern

The activities of the College along with the key factors likely to affect further performance are set out in this report. The financial position of the College, its cash flow and liquidity are presented in the Financial Statements and accompanying notes. In assessing whether the going concern basis is appropriate the Directors have considered the College's expected future cash flows and are satisfied that the College has adequate resources to continue in operational existence for a minimum of 12 months from the date of the signing of the financial statements.

#### Key Performance Indicators

The following five key performance indicators (KPIs) are relevant when assessing performance for the year:

- i) Surplus - £1,173k (2022: £778K)
- ii) Year-end cash position - £8,688K (2022: £5,890K)
- iii) Current ratio – 2.73 (2022: 2.28)
- iv) Learner Voice – 92% overall FE satisfaction for 2022/2023, 80% overall HE satisfaction for 2022/23
- v) Learner Outcomes – 97% A level success rate, vocational success rates for 2022-2023 are not yet available

Student numbers: For the academic year 2022/23 the college had 1,896 (2021/22: 2,084) Further Education students 1,587 on full-time courses and 309 on part-time courses, (2021/22 1,645 FT, 439 PT), 158 Higher Education students 117 full-time and 41 part-time, (2021/22 160 FT, 56 PT). As in previous years these numbers, particularly on part time/higher education provision, have been adversely affected due to the ongoing impact of the pandemic and a buoyant employment market.

## Merthyr Tydfil College Limited

### Strategic report for the year ended 31 July 2023 (continued)

**Quality:** Student performance in 2022-23 remained strong. Staff worked hard to support and engage students whose mental health was impacted as a consequence of Covid. The results achieved by the students were testament to the dedication of the teaching, support staff and wider support from friends and families provided throughout the pandemic. The college has established protocols and procedures to enable rigorous monitoring and support for learners to achieve their qualifications at the college as assessment practices return to normal.

**Health & Safety:** The most recent audit conducted by USW, demonstrated a comprehensive approach to the management of Health and Safety, this was conducted adopting the HASMAP standards. The College has an action plan to address any shortcomings/areas for improvement identified in the audit reports.

#### Subsidiary Company

On the 1st August 2019 the College acquired Tydfil Training Consortium Ltd (TTC Ltd), a charitable company engaged primarily in the delivery of the Welsh Governments Work Based Learning programme. TTC Ltd had turnover for the year ended July 31 2023 of £1,692K (2022: £2,084k). For reporting purposes, these are consolidated by USW. Since acquisition, the College and TTC Ltd management teams have been working together to maximise the benefits available to both parties and the community at large, by combining resources and skills. This will give the greatest potential to maximise the offer from new opportunities, such as the UK Government's Shared Prosperity Fund.

### Principal risks and uncertainties

Outlined below are the principal risks facing the College. Not all the factors are wholly within the College's control. Other factors besides those listed below may also adversely affect the College.

#### Government funding

The College relies considerably on continued government funding. In **2023 95%** of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College mitigates the risk by:

- Ensuring that it continues to explore opportunities to diversify income
- Delivering a curriculum that is responsive to the needs of the local community whilst also supporting Regional priority sectors and future skills needs
- Constantly monitoring its recruitment position and modelling the impact on future years funding
- Maintaining a key focus on its quality profile to maintain and enhance its excellent reputation and be the college of choice for learners, parents and employers alike.
- Maintaining and continuing to build partnerships with schools, employers and the business community
- Being responsive to any funding intelligence in a timely manner

#### Financial Sustainability

The College will continue to explore alternative sources of income both in collaboration with partners and in its own right. This risk is mitigated in a number of ways:

- Funding is derived through a number of direct contractual arrangements;
- Expansion of higher education under HEFCW's widening access agenda,
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies; and
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.

The ongoing impact of the coronavirus pandemic along with the cost of living challenge has created ongoing uncertainty and disruption to both the economy and education. This has resulted in a number of financial and operational challenges. The College is monitoring the rise on utility costs and looking for ways to improve efficiency, along with close monitoring on the inflationary impact on consumables. This is being considered for the short, medium and long term.

## Merthyr Tydfil College Limited

### Strategic report for the year ended 31 July 2023 (continued)

#### Risk management

The College is committed to exhibiting best practice in all areas of risk management and corporate governance, fully adhering to the principles set out in the Governance Code of Practice and General Principles.

The College's Board of Directors is responsible for the 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 can only provide reasonable and not absolute assurance against material misstatement or loss.

The College maintains a risk register which considers business, operational, compliance and financial risks. The register is regularly reviewed by senior management, and the College's risk management process is consolidated into the University of South Wales (parent entity) whose internal control guidance adheres to the combined code as amended by the British Universities Finance Directors Group.

The Board of Directors met four times during the reporting period. 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. 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 2023-24.

As part of the University of South Wales group financial risk management and internal control framework, as highlighted in the financial statements of the University of South Wales, the College has undertaken work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the College Executive (the senior management team) undertakes a comprehensive review of the risks to which the College is exposed. The College Executive identify systems and procedures, including specific preventative actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review effectiveness and progress against risk mitigation actions. In addition to the annual review, the College Executive will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College which is reviewed four times a year by the Board of Directors. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The College as part of the University of South Wales Group, 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.

This has been in place for the year ended 31 July 2023 and in place up to the date of approval of the Financial Statements.

## Merthyr Tydfil College Limited

### Strategic report for the year ended 31 July 2023 (continued)

#### Energy and Carbon Reporting

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

|                                                         | 2022/23   | 2021/22   |
|---------------------------------------------------------|-----------|-----------|
| Energy consumption used to calculate emissions (kWh)    | 3,018,561 | 2,932,751 |
| Scope 1: emissions in metric tonnes CO <sub>2</sub> e   |           |           |
| Gas                                                     | 124       | 203       |
| Other Fuels (Bioenergy)                                 | 12        | 5.7       |
| Fleet (Owned Transport)                                 | 3.3       | 2.6       |
| Scope 2: emissions in metric tonnes CO <sub>2</sub> e   |           |           |
| Purchased electricity                                   | 254       | 247       |
| Scope 3: emissions in metric tonnes CO <sub>2</sub> e   |           |           |
| Gas (WTT)                                               | 20.4      | 34.6      |
| Electricity (T&D)                                       | 4.9       | 22.6      |
| Electricity (WTT)                                       | 56.3      | 64.5      |
| Other fuels (Bioenergy) (WTT)                           | 8.8       | 4.3       |
| Water (Supply)                                          | 0.2       | -         |
| Water (Treatment)                                       | 0.3       | -         |
| Fleet (WTT)                                             | 0.8       | 0.6       |
| Business Travel – Transport                             | 28        | 1.8       |
| Business Travel – Transport (WTT)                       | 4         | 0.4       |
| Business Travel - Accommodation                         | -         | 0.6       |
| Total gross emissions – Metric tonnes CO <sub>2</sub> e | 517       | 587.5     |
| Intensity ratio – tonnes CO <sub>2</sub> e per student  | 0.24      | 0.30      |

#### Qualification and reporting methodology

We have followed the 2022 HM Government Environmental Reporting guidelines. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2022 UK Government's conversion factors for Company Reporting. Organisations that operate a July to June reporting year should apply the newest set of available factors. This year we have expanded our reporting to include further scope 3 emission categories, including:

- Water (Supply)
- Electricity (Treatment)

Next year, Waste will be included

WTT = Well to tank

T&D = Transmission & Distribution

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO<sub>2</sub>e per pupil, the recommended ratio for the sector.

#### Measures taken to improve energy efficiency

The college has a commitment to maintaining an environmentally sustainable, supportive and technologically innovative institution. The building is partially heated by a biomass system with PV solar panels installed on the roof of the main building, which has recently expanded with the installation of PV panels on one of the workshop roofs. A project to replace traditional lighting in the main building with LED has been completed, which means that all classroom, staffrooms, and communal areas have switched to LED. Gas consumption has been considerably reduced by making far greater use of Biomass fuel (Wood Chips).

## Merthyr Tydfil College Limited

### Directors' report for the year ended 31 July 2023

#### Directors and their interests

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:

|                          |                                          |                             |       |
|--------------------------|------------------------------------------|-----------------------------|-------|
| Mr C Sutton              | Appointed 1 August 2019                  | Chair                       | (4/4) |
| Dr Ben Calvert           | Appointed 1 September 2021               |                             | (4/4) |
| Ms Angela Powell*        | Appointed 17 October 2022                |                             | (4/4) |
| Mrs K Burns              | Appointed 7 May 2014                     | Deputy Chair                | (2/4) |
| Mr Simon Argent          | Appointed 10 May 2021                    |                             | (3/4) |
| Mrs Lisa Thomas          | Appointed 21 September 2018 (ex officio) | Principal / Chief Executive | (4/4) |
| Miss Daisy Wrigglesworth | Appointed 17 October 2022                |                             | (0/3) |
| Mr K Hamblin             | Appointed 1 August 2019                  |                             | (3/4) |
| Mrs Lucy FitzGerald      | Appointed 7 January 2022                 | Company Secretary           | (4/4) |
| Mr Stephen Forster       | Appointed 1 August 2023                  |                             |       |
| Mrs Susan Walker         | Appointed 1 August 2023                  |                             |       |
| Mr Ian Morgan            | Appointed 1 August 2023                  |                             |       |

\*non-executive directors

() Attendance information is provided for members serving during the year ended 31 July 2023, expressed as the number of meetings of the Board of Directors attended out of a total number of meetings the member was due to attend.

The members of the College Executive normally in attendance at meetings of the Board of Directors are:

Vice Principal Resources & Chief Operating Officer, Vice Principal Curriculum & Quality.

No payments have been made to or on behalf of the above with the exception of Mrs Lisa Thomas (Principal / Chief Executive / Accounting Officer) whose remuneration is disclosed in Note 4.

#### Directors' indemnities

The company purchased and maintained throughout the financial year directors' and officers' liability insurance.

This was also in force at the date of approval of the annual report and financial statements.

#### Dividends

The company is limited by guarantee. The directors do not recommend the payment of a dividend in respect of the year ended 31 July 2023 (2022 – nil)

#### Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance. This statement describes the manner in which the College has due regard to the principles set out in the UK Corporate Governance Code 2018. Its purpose is to help the reader of the annual report and financial statements understand how the principles have been applied. The Boards of Directors of the College is responsible to the Board of Governors of the University which is the sole 'member' of the corporation. The committees of the Board of Governors of the University act as committees for the Boards of Directors of the College as appropriate.

#### Summary of the College's Structure of Corporate Governance

The College's Board comprises of directors appointed in accordance with the Articles of Government. The roles of the Chair and Deputy Chair of the Board are separated from the role of the Principal (as Chief Executive). Those matters specifically reserved to the Board for decision are set out in the Articles of Government of the College. The Board holds to itself the responsibilities for the ongoing strategic direction of the College, the effective and efficient use of resources and the approval of major developments and receives regular reports from senior management.

The Board meets four times a year and is represented at the University of South Wales Group Committees (Finance and Resources, Human Resources and Audit). In addition, a Culture, People and Values Committee makes recommendations to the Board on membership and the remuneration of senior management.

## Merthyr Tydfil College Limited

### Directors' report for the year ended 31 July 2023 (continued)

The Finance and Resources Committee considers and advises the Board on long term financial strategies, recommends to the Board annual revenue and capital budgets and longer term forecasts. The committee reviews and makes recommendation to the Board on the annual financial statements and receives regular reports on financial performance and financial position and monitor these reports against budget. In addition the Finance & Resources Committee recommends the approval of the Financial Regulations including any financial policies therein (formally at three-year intervals or when significant changes are made), liquidity and the investment of surplus funds in line with that Policy, and approves or recommends expenditure proposals, contracts and grant applications in line with the Financial Regulations.

Based on the advice of the Audit and Risk Management Committee and the Principal, the Board is of the opinion that the Company has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

The Company Secretary is a member of the FE Governance Network (Wales) Group which seeks to develop and share best practice in governance.

In the opinion of the directors, the College complies with all of the provisions of the UK Corporate Governance Code 2018, in so far as they apply to the further and higher education sectors, and it has complied throughout the year ended 31 July 2023 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. The company is a member of the University of South Wales Equalities Forum, and its sub-groups. Communication with all employees is undertaken through termly staff meetings, and e-mails as required.

#### Political Contributions

The College made no political contributions or incurred any political expenditure during the period (2023 – Nil)

#### Engagement with Suppliers, Customers and other Business relationships

The Board of Directors have a duty to promote the success of the College for the benefit of its members, having regard to the interests of all its stakeholders including suppliers, customers and other business relationships. This ensures that the college maintains a reputation for high standards of quality and business conduct. The colleges' financial regulations and procedures clearly set out the key principles for this area.

#### Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the strategic report.

#### Provision 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 director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he/she has taken all the steps that ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Board of Directors are required to present audited financial statements for each financial year.

## Merthyr Tydfil College Limited

### Directors' report for the year ended 31 July 2023 (continued)

Within the terms and conditions of the Financial Memorandum between the Welsh Government and the Board of Directors of the College, the Board, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, the Accounts Direction for Further Education Colleges in Wales, UK's Generally Accepted Accounting Principles and the Financial Reporting Standard (FRS 102) which give a true and fair view of the state of affairs of the College and its surplus/deficit of income over expenditure for that period.

In preparing the financial statements, the Board is required to:

- “select suitable accounting policies and apply them consistently”,
- “make judgements 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”,
- “Assess whether the college is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)”,
- “prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation”.

The Board is also required to prepare a strategic report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors of the Board are responsible for ensuring that expenditure and income are applied for the purposes intended by the Welsh Government and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the Welsh Government are used only in accordance with the Financial Memorandum with the Welsh Government and any other conditions that may be prescribed from time to time. Directors must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, Board directors are responsible for securing economical, efficient and effective management of the College's resources and expenditure so that the benefits that should be derived from the application of public funds from the Welsh Government are not put at risk.

Approved by order of the Board of Directors on 27 November 2023 and signed on its behalf by:



**Mr C Sutton**  
Chair

**Merthyr Tydfil College Limited****Directors' report for the year ended 31 July 2023 (continued)****Statement of regularity, propriety and compliance**

As accounting officer I confirm that the college has had due regard to the requirements of grant funding agreements and contracts with the Welsh Government and has considered its responsibility to notify the Welsh Government of material irregularity, impropriety and non-compliance with terms and conditions of funding.

I confirm on behalf of the college that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the college, or material non-compliance with the terms and conditions of funding, under the college's grant funding agreements and contracts with the Welsh Government, or any other public funder.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Welsh Government.

**Signed****Accounting Officer****Date 30<sup>th</sup> November 2023****Statement of the Chair of Directors**

Statement of the chair of directors on behalf of the college, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.

**Signed****Chair****Date 30<sup>th</sup> November 2023**

## Merthyr Tydfil College Limited

### Public Benefit Statement for the year ended 31 July 2023

Merthyr Tydfil College Limited is a registered charity. The registered address is Merthyr Tydfil College, (University of South Wales), Treforest, Pontypridd, CF37 1DL and the registered number is 1140289. The members of the Board are directors for the purposes of the Companies Act 2006 and also 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.

#### Charitable Objectives

The College promotes the advancement of education and learning for the public benefit. It also provides, maintains and improves performance facilities for the benefit of the local community.

The College is well aware of its public benefit responsibility and, therefore, ensures this is embedded in all of its operations to offer fully inclusive services.

#### Fulfilment of the charitable objectives

##### *Beneficiaries*

The College has a student population of 2,054 learners through different modes of study, 1,704 full time and 350 part time. The primary beneficiaries are students of the College directly engaged in high-quality training in a range of disciplines. However, beneficiaries extend to pre-College students (from the age of fourteen upwards) in addition to local employers and businesses.

##### *Admissions policy*

The College operates a flexible admissions policy and provides for individual needs in the design of learning programmes. For some programmes there are specific entry requirements which are reviewed annually and published in the College prospectus.

##### *Bursaries/scholarships*

Students enrolled at the College are entitled to apply for various support and funding in the same way as anyone studying in further or higher education in Wales. These are funded by the College.

Students studying further education courses at the College are eligible to apply for various means of support. The Education Maintenance Allowance is available to students aged 16 to 19 years with the Assembly Learning Grant available to students aged 19+. The Bursary grant is an alternative means of support which is funded through the Colleges' Access funds.

In addition to the above the College also administers other initiatives that students can access. Subsidised childcare facilities, free meals and transport allowances are available along with financial support for educational visits and study aids.

Higher education students have access to alternative methods of support. The Assembly Learning Grant or the Higher Education Fee Waiver can be applied for depending on individual circumstances. There are also funds available for HE students in financial hardship. The College provides student support and guidance on the application process.

##### *Widening Participation*

The College provides a wide range of programmes for learners from the age of 14 years. Many learners are able to access grant support as a means of tackling social exclusion. In terms of community provision, the College offers a wide range of accredited programmes that are delivered through partnership working with the local county borough council. Likewise, many family learning programmes are offered in community venues on an annual basis.

##### *Community Engagement*

The College offers other facilities which are accessible to students, staff and members of the community. A large sports hall is available for hire along with various sporting equipment. The College facilities are charged at subsidised rates to ensure their accessibility to all.

**Merthyr Tydfil College Limited****Public Benefit Statement for the year ended 31 July 2023 (continued)***Equality*

College staff are an equally diverse body of people with different perspectives, values and attitudes. The College seeks to promote an inclusive environment where such differences are shared and valued, and where any unfair treatment or discrimination is challenged and eliminated.

The University of South Wales Group Strategic Equality Plan 2020-24 sets out our response to the requirements of the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011. This plan presents a clear commitment to not only comply with equality legislation, but also to ensure that all those who work or study at the College are treated with respect and that diverse needs are taken into consideration and responded to. This commitment to equality and diversity is even more important during this current climate of economic uncertainty and substantial change to the education sector. This is a time when it is essential to ensure that steps to ensure equality of opportunity in education and work are put in place and actions are prioritised where they are most needed.

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 has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

## Merthyr Tydfil College Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERTHYR TYDFIL COLLEGE LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Merthyr Tydfil College ("the College") for the year ended 31 July 2023 which comprise the Income and Expenditure Account, Statement of Changes in Reserves, Balance Sheet, 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 College's affairs as at 31 July 2023 and of its surplus 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 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 its 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 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 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.

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; and
- 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 College'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 College 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 directors, the Audit Committee, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board of Directors and Audit and Risk Committee meeting 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.

## Merthyr Tydfil College Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERTHYR TYDFIL COLLEGE LIMITED (continued)

As required by auditing standards, we perform procedures to address the risk of management override of controls and 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 some of the College-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 related to 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), 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.

Firstly, the College is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation and further education related legislation, including the Accounts Direction for Further Education Colleges in Wales issued by Welsh Government), distributable profits 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.

Secondly, the College is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, employment law, recognising the nature of the College's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### *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 Strategic Report, Directors' Report and Public Benefit Statement. 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.

## Merthyr Tydfil College Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERTHYR TYDFIL COLLEGE LIMITED (continued)

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 those reports have 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 8, 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 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 College 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](http://www.frc.org.uk/auditorsresponsibilities).

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

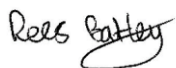
We are required to report on the following matters under the Further Education Audit Code of Practice 2015 (effective 1 August 2014) issued by the Welsh Government under the Learning and Skills Act 2000.

In our opinion, in all material respects:

- monies expended out of Welsh Government grants and other funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation;
- funding received from the Welsh Government (and other bodies and restricted funds where appropriate) has been applied in accordance with the Financial Memorandum between the Welsh Government and further education institutions; and
- the financial statements meet the requirements of the Accounts Direction for Further Education Colleges in Wales 2022/23 issued by Welsh Government.

**Merthyr Tydfil College Limited****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERTHYR TYDFIL COLLEGE LIMITED  
(continued)****THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

This report is made solely to the College's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and paragraph 56(b) of the College's Articles of Association. Our audit work has been undertaken so that we might state to the College'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 College and the College's 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

66 Queen Square

Bristol

BS1 4BE

30 November 2023

## Merthyr Tydfil College Limited

## Company Registration No. 6671721

## Income and Expenditure account for the year ended 31 July 2023

|                                              | Note  | 2023          | 2022          |
|----------------------------------------------|-------|---------------|---------------|
|                                              |       | £'000         | £'000         |
| <b>Income</b>                                |       |               |               |
| Funding body grants                          | 2     | 15,713        | 14,855        |
| Tuition fees and education contracts         | 1     | 744           | 1,027         |
| Other income                                 | 3     | 1,155         | 1,269         |
| Investment Income                            |       | 277           | 10            |
| <b>Total income</b>                          |       | <b>17,889</b> | <b>17,161</b> |
| <b>Expenditure</b>                           |       |               |               |
| Staff costs                                  | 4     | 10,898        | 10,865        |
| Other operating expenses                     |       | 4,309         | 3,921         |
| Depreciation and Amortisation                | 8 + 9 | 1,427         | 1,451         |
| Interest and other finance costs             | 6     | 81            | 146           |
| <b>Total expenditure</b>                     |       | <b>16,715</b> | <b>16,382</b> |
| <b>Surplus for the year</b>                  |       | <b>1,173</b>  | <b>778</b>    |
| Actuarial gain in respect of pension schemes | 16    | 2,955         | 7,452         |
| <b>Total comprehensive income/(expense)</b>  |       | <b>4,128</b>  | <b>8,230</b>  |

The accompanying notes on pages 25 to 35 are an integral part of the Financial Statements.

**Merthyr Tydfil College Limited****Statement of Changes in Reserves for the year ended 31 July 2023**

|                                         | <b>£'000<br/>I&amp;E and Pension</b> | <b>£'000<br/>Other</b> | <b>£'000<br/>Total Reserve</b> |
|-----------------------------------------|--------------------------------------|------------------------|--------------------------------|
| <b>Balance at 1 August 2022</b>         | <b>6,816</b>                         | <b>2,168</b>           | <b>8,984</b>                   |
| Surplus for the year                    | 1,173                                | -                      | 1,173                          |
| Other comprehensive income              | 2,955                                | -                      | 2,955                          |
| Total comprehensive income for the year | 4,128                                | -                      | 4,128                          |
| <b>Balance at 31 July 2023</b>          | <b>10,944</b>                        | <b>2,168</b>           | <b>13,112</b>                  |

The company is limited by guarantee and comprises one member.

The accompanying notes on pages 25 to 35 are an integral part of the Financial Statements.

**Merthyr Tydfil College Limited****Company Registration No. 6671721****Balance sheet as at 31 July 2023**

|                                                                | Note | 2023            | 2022         |
|----------------------------------------------------------------|------|-----------------|--------------|
|                                                                |      | £'000           | £'000        |
| <b>Non-current assets</b>                                      |      |                 |              |
| Intangible assets                                              | 8    | 54              | 86           |
| Fixed assets                                                   | 9    | 27,244          | 27,766       |
| <b>Current assets</b>                                          |      |                 |              |
| Stock                                                          |      | 14              | 12           |
| Trade and other receivables                                    | 10   | 713             | 592          |
| Investments                                                    |      | 6,075           | 5,890        |
| Cash and cash equivalents                                      |      | 8,688           | 8,145        |
|                                                                |      | <b>15,490</b>   | 14,639       |
| <b>Creditors: amounts falling due within one year</b>          | 11   | <b>(5,667)</b>  | (6,431)      |
| <b>Net current assets</b>                                      |      | <b>9,823</b>    | 8,208        |
| <b>Total assets less current liabilities</b>                   |      | <b>37,121</b>   | 36,060       |
| <b>Creditors: amounts falling due after more than one year</b> | 12   | <b>(23,388)</b> | (23,955)     |
| <b>Provisions</b>                                              |      |                 |              |
| Pension provisions                                             | 13   | (620)           | (3,122)      |
| <b>Total net assets</b>                                        |      | <b>13,112</b>   | 8,985        |
| <b>Unrestricted Reserves</b>                                   |      | <b>13,112</b>   | 8,984        |
| <b>Total Reserves</b>                                          |      | <b>13,112</b>   | <b>8,984</b> |

The accompanying notes on pages 25 to 35 are an integral part of the Financial Statements and were approved by the Board of Directors on 27<sup>th</sup> November 2023 and were signed on its behalf by:



**Mr C Sutton**  
Chair

**Merthyr Tydfil College Limited****Cashflow Statement for the year ended 31 July 2023**

|                                                                 | <b>2023</b>    | <b>2022</b>  |
|-----------------------------------------------------------------|----------------|--------------|
|                                                                 | <b>£'000</b>   | <b>£'000</b> |
| <b>Cash flow from operating activities-</b>                     |                |              |
| Surplus for the year                                            | <b>1,173</b>   | 778          |
| <b>Adjustment for non-cash items</b>                            |                |              |
| Depreciation                                                    | <b>1,394</b>   | 1,421        |
| Amortisation of intangibles                                     | <b>32</b>      | 30           |
| Decrease in stock                                               | <b>(1)</b>     | (2)          |
| Decrease in debtors                                             | <b>(120)</b>   | 13           |
| Decrease in creditors                                           | <b>(732)</b>   | 721          |
| LGPS pension costs less contributions payable                   | <b>454</b>     | 998          |
| Investment income                                               | <b>(277)</b>   | (10)         |
| Profit on the sale of fixed assets                              | -              | -            |
| Release of capital grants                                       | <b>(1,144)</b> | (1,080)      |
| <b>Net cash inflow from operating activities</b>                | <b>779</b>     | 2,869        |
| <b>Cash flows from investing activities</b>                     |                |              |
| Transfers from cash to investments                              | <b>(185)</b>   | (49)         |
| Proceeds from sale of fixed assets                              | -              | -            |
| Capital grants receipts                                         | <b>544</b>     | 768          |
| Investment income                                               | <b>277</b>     | 10           |
| Payments made to acquire fixed assets                           | <b>(874)</b>   | (1,028)      |
| Payments made to acquire intangible assets                      | -              | (33)         |
| <b>Net cash outflow from investing activities</b>               | <b>(238)</b>   | (332)        |
| Cash and cash equivalents at beginning of the year              | <b>8,145</b>   | 5,609        |
| <b>Analysis of Cash and cash equivalents at end of the year</b> |                |              |
| Short term deposits                                             | -              | 19           |
| Cash at bank and cash in hand                                   | <b>8,688</b>   | 8,126        |
| <b>Total</b>                                                    | <b>8,688</b>   | 8,145        |

The accompanying notes on pages 25 to 35 are an integral part of the Financial Statements

## Merthyr Tydfil College Limited

### Accounting policies

#### Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP) and in accordance with the Financial Reporting Standards (FRS 102). The College is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102.. The financial statements are in accordance with the historical cost convention.

The financial statements have been prepared adopting the going concern basis, assessing the College's expected future cash flows to ensure that the College has adequate resources to continue in operational existence for a minimum of 12 months from the date of the signing of the financial statements.

#### Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. In assessing whether the going concern basis is appropriate the Directors have considered the College's expected future cash flows and are satisfied that the College has adequate resources to continue in operational existence for a minimum of 12 months from the date of the signing of the financial statements. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

#### Recognition of income

Funding body grants are accounted for in the year to which they relate.

Tuition fee income is credited to the income and expenditure account over the period in which students are studying.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

#### Pension schemes

Retirement benefits for employees of the Company are provided by the Teachers' Pensions Scheme Agency (TPS) and the Rhondda Cynon Taff Pension Fund (RCTPF), a Local Government Pension Scheme (LGPS). RCTPF is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme.

Volatility in the financial markets over the last year has continued to impact bonds and therefore the discount rate used to calculate the liability has increased by 1.6%. As a result of this increase and inflation rates, the future liability in the RCTPF has decreased from £2,530k in 2021/22 to a surplus of £1,060k in 2022/23. The 2022 valuation reported that the College still has a legal obligation to make contributions to the fund, therefore the College has adopted the accounting standard IAS 19 to report pension surpluses.

Following the calculation to adopt the IAS 19 approach the net present value of the future contributions relating to benefit accrual exceeds the net present value of future service costs, measured over the remaining future work lifetime of the active employees. As a result of this, surpluses will be capped at nil across the USW Group. This approach will note that the value of the net assets will not exceed the value of the liabilities and will report a nil balance on the balance sheet.

## Merthyr Tydfil College Limited

### Accounting policies (continued)

The College, as part of the Group, has a constructive obligation to account for emerging inflation and therefore apply a CPI percentage to the Pension Liability. The 12 month CPI figure to July 23 was 6.8%. Therefore, as part of the calculation, a 4% uplift to all liabilities has been applied at the 31 July to allow for emerging inflation from the latest reference month used by the Actuaries.

It has not been possible to identify the institution's share of the TSS scheme and as such they are accounted for as if they were defined contribution schemes.

### 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.

### Employment Benefits

Short term employment benefits 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.

### Operating Leases

Rentals paid under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

### Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Surplus or Deficit.

### Intangible assets

Intangible assets which comprise software are amortised over 4 years representing the estimated economic life of the asset. Each year the assets are reviewed for indicators of impairment and where identified full impairment review is carried out and reflected in the financial accounts.

### Tangible Fixed Assets

Tangible fixed assets are recorded at purchase cost, including non-recoverable VAT, incidental costs of acquisition, less accumulated depreciation and accumulated impairment losses. Each year the assets are reviewed for indicators of impairment and where identified full impairment review is carried out and reflected in the financial accounts

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.

The principal rates used for this purpose are:

|                       |                                    |
|-----------------------|------------------------------------|
| Buildings             | - up to 50 years straight line     |
| Fixtures and fittings | - between 3-25 years straight line |
| Plant and machinery   | - between 3-40 years straight line |

Land is not depreciated.

## Merthyr Tydfil College Limited

### Accounting policies (continued)

Assets under construction represent the cost of purchasing, constructing and installing tangible fixed assets ahead of their productive use. No depreciation is charged on assets under construction until they are transferred to the appropriate asset heading when they are brought into use.

#### Land and buildings

The freehold interest in land and buildings is included in the balance sheet at cost. Land and buildings acquired, buildings constructed or building refurbishments undertaken during the year, are included at cost less depreciation.

Finance costs directly attributable to the construction of fixed assets are capitalised as part of the cost of those assets.

#### Assets Financed by Capital Grant or Donations

Where fixed assets are acquired with the aid of specific grants and donations, they are capitalised and depreciated as above. The related grants or donations are credited to deferred capital grants and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

#### **Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

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

#### **Reserves**

The college is aware of the need to secure its viability beyond the immediate future. The college recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support its core activities and to invest for its future needs. The reserves which the college retains can be categorised as follows:

Capital Reserves – To provide funds to meet the current and future capital spend requirements.

Strategic Reserve – To meet the cost requirements of strategic initiatives as per the college strategic plan

It is the colleges intention to continue to increase reserves through the generation of annual operating surpluses

#### **Stock**

Stocks are valued at the lower of cost and net realisable value.

#### **Provisions**

Provisions are recognised in the financial statements when :

- (a) The College has a present obligation (legal or constructive) as a result of a past event;
- (b) It is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) A reliable estimate can be made of the amount of the obligation.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

#### **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 amounts 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.

**Merthyr Tydfil College Limited****Notes to the financial statements for the year ended 31 July 2023****1. Tuition fees and education contracts**

|                                | <b>2023</b>  | <b>2022</b>  |
|--------------------------------|--------------|--------------|
|                                | <b>£'000</b> | <b>£'000</b> |
| Full-time home and EU students | <b>613</b>   | 824          |
| Part-time students             | <b>131</b>   | 203          |
|                                | <b>744</b>   | 1,283        |

**2. Funding body grants**

|                            | <b>2023</b>   | <b>2022</b>  |
|----------------------------|---------------|--------------|
|                            | <b>£'000</b>  | <b>£'000</b> |
| Government Recurrent grant | <b>14,494</b> | 13,429       |
| Specific Government grants | <b>75</b>     | 346          |
| Release of capital grants  | <b>1,144</b>  | 1,080        |
|                            | <b>15,713</b> | 14,855       |

**3. Other Income**

|                   | <b>2023</b>  | <b>2022</b>  |
|-------------------|--------------|--------------|
|                   | <b>£'000</b> | <b>£'000</b> |
| European Projects | <b>493</b>   | 478          |
| Nursery           | <b>362</b>   | 360          |
| Miscellaneous     | <b>300</b>   | 431          |
|                   | <b>1,155</b> | 1,267        |

**4. Staff costs**

|                       | <b>2023</b>   | <b>2022</b>  |
|-----------------------|---------------|--------------|
|                       | <b>£'000</b>  | <b>£'000</b> |
| Salaries              | <b>8,085</b>  | 7,713        |
| Social security costs | <b>829</b>    | 762          |
| Other pension costs   | <b>1,984</b>  | 2,390        |
|                       | <b>10,898</b> | 10,865       |

|                                                  | <b>2023</b>  | <b>2022</b>  |
|--------------------------------------------------|--------------|--------------|
|                                                  | <b>£'000</b> | <b>£'000</b> |
| Emoluments of the Principal / Accounting Officer |              |              |
| Salary                                           | <b>119</b>   | 110          |
| Pensions                                         | <b>28</b>    | 26           |
|                                                  | <b>147</b>   | 136          |

Other than the Principal there are no other remunerated directors.

## Merthyr Tydfil College Limited

### Notes to the financial statements for the year ended 31 July 2023 (continued)

#### Remuneration of the Principal expressed as:

|                                                                                | 2023 | 2022 |
|--------------------------------------------------------------------------------|------|------|
| Basic salary as a multiple of the median basic salary of all staff             | 4.47 | 4.55 |
| Total remuneration as a multiple of the median total remuneration to all staff | 4.78 | 4.87 |
| (All full time and part time staff but excluding agency workers)               |      |      |

Senior staff who fall outside of the national pay spine and incremental scale, is considered by the Culture, People and Values Committee (CPVC). The CPVC met on 26<sup>th</sup> June 2023, with the recommendations ratified by the College Board of Directors at their meeting of 3<sup>rd</sup> July 2023. The College Board in agreeing the Principal's remuneration considers a range of information which includes bench marking to other Welsh institutions, UK institutions, institutions of a comparable size and institutions with similar missions. The Board is also cognisant of wider institutional financial and academic performance, specifically annual reports of CPIs. The CPVC is also informed by the Vice Chancellor of their appraisal of individual performance as it relates to institutional performance. The Principal is the highest paid member of staff.

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

|                     | 2023<br>Number | 2022<br>Number |
|---------------------|----------------|----------------|
| £60,000 - £64,999   | -              | -              |
| £65,000 - £69,999   | -              | -              |
| £70,000 - £74,999   | 2*             | -              |
| £75,000 - £79,999   | -              | -              |
| £80,000 - £84,999   | -              | 1              |
| £85,000 - £89,999   | -              | 1              |
| £90,000 - £94,999   | -              | -              |
| £95,000 - £99,999   | 1              | -              |
| £100,000 - £104,999 | -              | -              |
| £105,000 - £109,999 | -              | -              |
| £115,000 - £119,999 | -              | -              |
| £120,000 - £124,999 | -              | 1              |
| £125,000 - £129,999 | -              | -              |
| £130,000 - £134,999 | 1              | -              |

Higher paid employees are the Principal, Vice Principal (Academic) and the Vice Principal (Resources). There were no higher paid staff falling below £65,000. \*During the academic year there were two postholders in the position of Vice Principal Academic.

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are the same individuals as those included in the higher paid staff table above. These comprise the Principal\*, Vice Principal Resources and the Vice Principal Academic. Vice Principal salaries are on a fixed point and are reflective of their position and responsibilities.

|                                       | 2023<br>£'000 | 2022<br>£'000 |
|---------------------------------------|---------------|---------------|
| Key management personnel compensation |               |               |
| Salary                                | 332           | 259           |
| Pension Contributions                 | 57            | 56            |
|                                       | 389           | 315           |

**Merthyr Tydfil College Limited****Notes to the financial statements for the year ended 31 July 2023 (continued)**

| <b>Atypical Staff</b> | <b>2023<br/>£'000</b> | <b>2022<br/>£'000</b> |
|-----------------------|-----------------------|-----------------------|
| Agency Staff          | 39                    | 52                    |

Retirement benefits are accruing to 94 employees under a defined benefit scheme. (Retirement benefits for 2022 were also accruing for 94 employees).

The monthly average number of employees by headcount (including senior post-holders) by major category during the year was as follows:

|                         | <b>2023<br/>Number</b> | <b>2022<br/>Number</b> |
|-------------------------|------------------------|------------------------|
| Academic                | 157                    | 170                    |
| Management & specialist | 30                     | 29                     |
| Technical               | 6                      | 5                      |
| Other                   | 54                     | 54                     |
|                         | <b>247</b>             | <b>255</b>             |

The monthly average number of employees by FTE (including senior post-holders) by major category during the year was as follows:

|                         | <b>2023<br/>Number</b> | <b>2022<br/>Number</b> |
|-------------------------|------------------------|------------------------|
| Academic                | 158                    | 154                    |
| Management & specialist | 21                     | 22                     |
| Technical               | 6                      | 5                      |
| Other                   | 44                     | 39                     |
|                         | <b>229</b>             | <b>220</b>             |

**5. Directors expenses and related party transactions**

No expenses were paid to directors during the year 2023(2022 – nil). No Director or other person related to the College had any personal interest in any contract or transaction entered into by the College during the year.

**6. Interest and other finance costs**

|                              | <b>2023<br/>£'000</b> | <b>2022<br/>£'000</b> |
|------------------------------|-----------------------|-----------------------|
| Net charge on pension scheme | 81                    | 146                   |

## Merthyr Tydfil College Limited

## Notes to the financial statements for the year ended 31 July 2023 (continued)

## 7. Analysis of expenditure by activity

|                                                                  | 2022          | 2021          |
|------------------------------------------------------------------|---------------|---------------|
|                                                                  | £'000         | £'000         |
| Academic and related expenditure                                 | 8,818         | 8,274         |
| Administration and central services                              | 2,247         | 2,451         |
| Premises (including service concession costs)                    | 2,366         | 2,443         |
| Residences, catering and conferences                             | 71            | 71            |
| Other expenses                                                   | 2,487         | 2,461         |
|                                                                  | <b>15,989</b> | <b>15,700</b> |
| Other operating expenses included:                               |               |               |
| External auditor's remuneration in respect of audit services     | 30            | 21            |
| External auditor's remuneration in respect of non-audit services | 6             | 6             |
| Operating Lease rentals                                          |               |               |
| <i>Land &amp; Buildings</i>                                      | 117           | 114           |
| <i>Other</i>                                                     | 3             | 3             |

## 8. Intangible assets

|                                 | 2023      | 2022      |
|---------------------------------|-----------|-----------|
|                                 | £'000     | £'000     |
| <b>Software</b>                 |           |           |
| <b>Cost</b>                     |           |           |
| Opening balance                 | 300       | 267       |
| Additions in year               | -         | 33        |
| Closing balance                 | 300       | 300       |
| <b>Accumulated Amortisation</b> |           |           |
| Opening balance                 | 214       | 184       |
| Charge for the year             | 32        | 30        |
| Closing balance                 | 246       | 214       |
| <b>Net book value</b>           | <b>54</b> | <b>86</b> |

**Merthyr Tydfil College Limited****Notes to the financial statements for the year ended 31 July 2023 (continued)****9. Fixed assets**

|                                     | <b>Freehold<br/>Land and<br/>Buildings<br/>£'000</b> | <b>Fixtures<br/>Fittings<br/>Equipment<br/>£'000</b> | <b>&amp;<br/>Assets<br/>under<br/>Construction<br/>£'000</b> | <b>Total<br/>£'000</b> |
|-------------------------------------|------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------|------------------------|
| <b>Cost</b>                         |                                                      |                                                      |                                                              |                        |
| At 1 August 2022                    | 31,319                                               | 4,454                                                | -                                                            | 35,773                 |
| Additions                           | 4                                                    | 870                                                  | -                                                            | 874                    |
| <b>At 31 July 2023</b>              | <b>31,319</b>                                        | <b>5,324</b>                                         | <b>-</b>                                                     | <b>36,647</b>          |
| <b>Accumulated<br/>depreciation</b> |                                                      |                                                      |                                                              |                        |
| At 1 August 2022                    | 5,763                                                | 2,242                                                | -                                                            | 8,005                  |
| Charge for the year                 | 593                                                  | 801                                                  | -                                                            | 1,394                  |
| <b>At 31 July 2023</b>              | <b>6,356</b>                                         | <b>3,043</b>                                         | <b>-</b>                                                     | <b>9,399</b>           |
| <b>Net book value</b>               |                                                      |                                                      |                                                              |                        |
| <b>At 31 July 2023</b>              | <b>24,967</b>                                        | <b>2,281</b>                                         | <b>-</b>                                                     | <b>27,248</b>          |
| <b>At 31 July 2022</b>              | <b>25,556</b>                                        | <b>2,210</b>                                         | <b>-</b>                                                     | <b>27,766</b>          |

**10. Trade and other receivables**

|                                    | <b>2023<br/>£'000</b> | <b>2022<br/>£'000</b> |
|------------------------------------|-----------------------|-----------------------|
| Trade receivables                  | 79                    | 61                    |
| Other receivables                  | 361                   | 248                   |
| Prepayments and accrued income     | 153                   | 190                   |
| Amounts owed by group undertakings | 120                   | 93                    |
|                                    | <b>713</b>            | <b>592</b>            |

Amounts due from group undertakings are unsecured, free from interest and payable on demand.

**Merthyr Tydfil College Limited****Notes to the financial statements for the year ended 31 July 2023 (continued)****11. Creditors: amounts falling due within one year**

|                                             | <b>2023</b>  | <b>2022</b>  |
|---------------------------------------------|--------------|--------------|
|                                             | <b>£'000</b> | <b>£'000</b> |
| :                                           |              |              |
| Trade payables                              | <b>36</b>    | 71           |
| Amounts owed to group undertakings          | <b>169</b>   | 141          |
| Deferred Government Capital Grant           | <b>1,153</b> | 1,175        |
| Social security and other taxation payables | <b>618</b>   | 537          |
| Accruals and deferred income                | <b>3,691</b> | 4,507        |
|                                             | <b>5,667</b> | 6,431        |

Amounts due to group undertakings are unsecured, free from interest and payable on demand.

**12. Creditors: amounts falling due after more than one year**

|                                   | <b>2023</b>   | <b>2022</b>  |
|-----------------------------------|---------------|--------------|
|                                   | <b>£'000</b>  | <b>£'000</b> |
| :                                 |               |              |
| Deferred Government Capital Grant | <b>23,387</b> | 23,955       |

**13. Provisions****Pension Provisions**

|                        | <b>Pension<br/>enhancement on<br/>termination</b> | <b>Defined<br/>Benefit obligation<br/>(see Note 16)</b> | <b>Total</b>   |
|------------------------|---------------------------------------------------|---------------------------------------------------------|----------------|
|                        | <b>£'000</b>                                      | <b>£'000</b>                                            | <b>£'000</b>   |
| <b>Cost</b>            |                                                   |                                                         |                |
| At 1 August 2022       | 591                                               | 2,530                                                   | <b>3,121</b>   |
| Utilised in year       | 29                                                | 269                                                     | <b>298</b>     |
| Additional provision   | -                                                 | (2,799)                                                 | <b>(2,799)</b> |
| <b>At 31 July 2023</b> | <b>620</b>                                        | <b>-</b>                                                | <b>620</b>     |

**Merthyr Tydfil College Limited****Notes to the financial statements for the year ended 31 July 2023 (continued)****14. Lease obligations****Total rentals payable under operating leases:**

|                                             | <b>Land and<br/>Buildings<br/>£'000</b> | <b>Plant and<br/>Machinery<br/>£'000</b> | <b>2023<br/>Total<br/>£'000</b> | <b>2022<br/>Total<br/>£'000</b> |
|---------------------------------------------|-----------------------------------------|------------------------------------------|---------------------------------|---------------------------------|
| Payable during the year                     | 117                                     | 3                                        | 120                             | 117                             |
| Future minimum lease payments due:          |                                         |                                          |                                 |                                 |
| Not later than 1 year                       | 119                                     | -                                        | 119                             | 117                             |
| Later than 1 year and not less than 5 years | -                                       | -                                        | 119                             | 120                             |
| Later than 5 years                          | -                                       | -                                        | -                               | -                               |
| <b>Total lease payments due</b>             | <b>119</b>                              | <b>-</b>                                 | <b>119</b>                      | <b>237</b>                      |

**15. Related party transactions**

The College is a wholly-owned subsidiary of the University of South Wales, and is included in the consolidated financial statements of the University of South Wales, which are publicly available from University of South Wales, Pontypridd, Rhondda Cynon Taff, CF39 1DL .

Due to the nature of the College's operations and the composition of the Board of Directors (being drawn from local public and private sector organisations), it is likely that transactions will take place with organisations in which a member of the Board of Directors may have an interest. All transactions involving organisations in which a member of the Board of Directors may hold dual directorship have been assessed and would not fall under the category of related party transaction.

Other than those disclosed elsewhere in the financial statements, no transactions were identified which would be disclosed under FRS102 Related Party Disclosures.

| <b>Organisation</b>           | <b>31 July 2023</b>          |                           | <b>31 July 2022</b>          |                           |
|-------------------------------|------------------------------|---------------------------|------------------------------|---------------------------|
|                               | <b>Expenditure<br/>£'000</b> | <b>Creditor<br/>£'000</b> | <b>Expenditure<br/>£'000</b> | <b>Creditor<br/>£'000</b> |
| The University of South Wales | 331                          | -                         | 473                          | -                         |
| USW Services Ltd              | 313                          | -                         | 282                          | -                         |
| USW Commercial Services       | 36                           | -                         | 1                            | -                         |
| Tydfil Training Consortium    | 142                          | 94                        | 152                          | 137                       |

## Merthyr Tydfil College Limited

### Notes to the financial statements for the year ended 31 July 2023 (continued)

#### 16. Pensions

The Company participates in two pension schemes, the Rhondda Cynon Taff Pension Fund (RCTPF) for non-academic staff, and the Teachers' Pension Scheme (TPS) for academic staff. The assumptions made are detailed within this note. There have been two court cases that effect the LGPS defined benefit scheme. They relate to the guaranteed minimum pensions equalisation (GMPs) and age discrimination (McCloud). The impact of these cases are still uncertain, but following actuarial advice, a provision has been included as part of the assumptions in this note.

#### Teacher's Pension Scheme

The Teachers' Pension Scheme is a contributory "sector-wide" scheme for academic staff administered by the Teachers' Pension Agency on behalf of the Department for Education and Skills. The scheme, which does not have a fund but instead operates on a 'pay-as-you-go' basis, is subject to actuarial valuation every five years for the purpose of determining the "sector-wide" contribution rates. The latest actuarial valuation of the scheme was as at 31 March 2016. The cost of pension increases is currently excluded from the valuation and neither employees nor employers contribute to this added value to the employee, which is met directly by the Exchequer. The contribution rate during the year was 23.68%. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the Income and Expenditure account of £1,096k, (2022 £1,050k) is equal to the contributions payable to the scheme for the year.

#### Rhondda Cynon Taff County Borough Council Pension Fund

#### Funding Valuation

This scheme provides benefits for non-academic staff based on final pensionable salary. The scheme is valued every three years as required under Regulation 77(1) of the Local Government Pension Scheme Regulations 1997 (SI 1997 No. 1612). The latest valuation was undertaken by independent consulting actuaries as at 31 March 2022. Under the definitions set out in FRS 102, the Local Government Pension Scheme is a multi employer defined benefit pension scheme. In the case of the LGSS, the actuary of the scheme has identified the Institution's share of its assets and liabilities as at 31 July 2023. 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 £2.2m increase to the defined benefit obligation at 31 July 2023.

The College employs a building block approach in determining the rate of return on Fund Assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund as at 31 July 2023.

#### FRS102

In accordance with the requirements of Financial Reporting Standard 102, the independent consulting actuaries updated the results of the March 2022 actuarial valuation in order to ascertain the valuation of the "sub-funds" in the scheme at 31 July 2023.

The principal assumptions used by the actuary in this respect were:-

|                                           | 2023 | 2022 | 2021 |
|-------------------------------------------|------|------|------|
|                                           | %    | %    | %    |
| Discount rate / interest income on assets | 5.10 | 3.50 | 1.65 |
| General increases in pensionable salaries | 3.85 | 3.75 | 3.90 |
| CPI pension increases                     | 2.85 | 2.75 | 2.90 |

## Merthyr Tydfil College Limited

**Notes to the financial statements for the year ended 31 July 2023(continued)**

The current mortality assumptions include an allowance for future improvements in mortality rates. Assumed life expectations on retirement today and at age 65 are:-

|                              | <b>2023<br/>Number</b> | <b>2022<br/>Number</b> |
|------------------------------|------------------------|------------------------|
| <b>Retiring Today:</b>       |                        |                        |
| Males                        | 20.9                   | 21.4                   |
| Females                      | 23.6                   | 23.8                   |
| <b>Retiring in 20 years:</b> |                        |                        |
| Males                        | 21.8                   | 21.9                   |
| Females                      | 24.7                   | 24.9                   |

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

|                  | <b>2023<br/>£'000</b> | <b>2022<br/>£'000</b> |
|------------------|-----------------------|-----------------------|
| Equities         | 11,118                | 10,711                |
| Government bonds | 1,987                 | 1,915                 |
| Corporate bonds  | 2,180                 | 2,100                 |
| Property         | 1,406                 | 1,355                 |
| Other            | 71                    | 68                    |
| Cash             | 96                    | 92                    |
|                  | <b>16,858</b>         | <b>16,241</b>         |

**Analysis of amounts shown in the balance sheet**

|                                                        | <b>2023<br/>£'000</b> | <b>2022<br/>£'000</b> | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> | <b>2019<br/>£'000</b> |
|--------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Estimated share of assets                              | 16,858                | 16,241                | 18,113                | 14,373                | 13,022                |
| Present value of scheme liabilities                    | (16,858)              | (18,771)              | (26,982)              | (22,936)              | (20,418)              |
| <b>Deficit in the scheme – net pension liabilities</b> | <b>-</b>              | <b>(2,530)</b>        | <b>(8,869)</b>        | <b>(8,563)</b>        | <b>(7,396)</b>        |

**Analysis of the amount charged to staff costs within the operating surplus**

|                      | <b>2023<br/>£'000</b> | <b>2022<br/>£'000</b> |
|----------------------|-----------------------|-----------------------|
| Current service cost | 764                   | 1,326                 |
| Past service cost    | -                     | -                     |
|                      | <b>764</b>            | <b>1,326</b>          |

**Analysis of the amount charged to interest payable and similar charges**

|                                        | <b>2023<br/>£'000</b> | <b>2022<br/>£'000</b> |
|----------------------------------------|-----------------------|-----------------------|
| Interest income on assets              | (574)                 | (299)                 |
| Interest on pension scheme liabilities | 655                   | 445                   |
| <b>Net charge</b>                      | <b>81</b>             | <b>146</b>            |

## Merthyr Tydfil College Limited

| <b>Notes to the financial statements for the year ended 31 July 2023(continued)</b> |              |  |              |
|-------------------------------------------------------------------------------------|--------------|--|--------------|
| <b>Analysis of amount recognised in other comprehensive income</b>                  |              |  |              |
|                                                                                     | <b>2023</b>  |  | <b>2022</b>  |
|                                                                                     | <b>£'000</b> |  | <b>£'000</b> |
| Actuarial gain on assets                                                            | (277)        |  | (2,217)      |
| Changes in assumptions underlying the present value of scheme liabilities           | 3,529        |  | 7,752        |
| Experience loss on liabilities                                                      | (297)        |  | 1,917        |
| Actuarial gain/(loss) recognised in other comprehensive income                      | 2,955        |  | 7,452        |
| <b>Movement in deficit during the year</b>                                          | <b>2023</b>  |  | <b>2022</b>  |
|                                                                                     | <b>£'000</b> |  | <b>£'000</b> |
| 1 August                                                                            | (2,530)      |  | (8,869)      |
| Current service cost                                                                | (764)        |  | (1,325)      |
| Contributions                                                                       | 433          |  | 369          |
| Admin                                                                               | (13)         |  | (11)         |
| Past service costs                                                                  | -            |  | -            |
| Other finance charge                                                                | (81)         |  | (146)        |
| Actuarial (loss)/gain                                                               | 2,955        |  | 7,452        |
| 31 July                                                                             | -            |  | (2,530)      |
| <b>Analysis of the movement in the present value of scheme liabilities</b>          | <b>2023</b>  |  | <b>2022</b>  |
|                                                                                     | <b>£'000</b> |  | <b>£'000</b> |
| Opening present value of liabilities                                                | 18,771       |  | 26,982       |
| Current service cost                                                                | 764          |  | 1,325        |
| Past service cost                                                                   | -            |  | -            |
| Interest cost                                                                       | 655          |  | 445          |
| Contributions by participants                                                       | 168          |  | 144          |
| Actuarial loss on liabilities                                                       | (4,292)      |  | (9,670)      |
| Net benefits paid                                                                   | (269)        |  | (455)        |
| Closing present value of liabilities                                                | 15,797       |  | 18,771       |
| <b>Analysis of the movement in the market value of scheme assets</b>                | <b>2023</b>  |  | <b>2022</b>  |
|                                                                                     | <b>£'000</b> |  | <b>£'000</b> |
| Opening fair value of assets                                                        | 16,241       |  | 18,112       |
| Interest income on assets                                                           | 574          |  | 299          |
| Actuarial gain on assets                                                            | (277)        |  | (2,217)      |
| Contributions by the Employer                                                       | 433          |  | 369          |
| Contributions by the participants                                                   | 168          |  | 144          |
| Net benefits paid out                                                               | (269)        |  | (455)        |
| Administration expenses                                                             | (13)         |  | (11)         |
| Closing fair value of assets                                                        | 16,857       |  | 16,241       |

**Merthyr Tydfil College Limited****Notes to the financial statements for the year ended 31 July 2023 (continued)****Analysis of the amount shown in the balance sheet for LGPS pensions:**

|                                                                  | <b>2023<br/>£'000</b> | <b>2022<br/>£'000</b> |
|------------------------------------------------------------------|-----------------------|-----------------------|
| Fair value of fund assets                                        | 16,858                | 16,241                |
| Present value of defined benefit obligation                      | (15,798)              | (18,771)              |
| <b>Pension asset before adjustments</b>                          | <b>1,061</b>          | <b>(2,530)</b>        |
| Effect of asset ceiling (FRS102 para28.22)                       | (1,061)               | -                     |
| <b>Net pension asset/(liability) recognised on Balance Sheet</b> | <b>-</b>              | <b>(2,530)</b>        |

**History of experience gains and losses**

|                                                                           | <b>2023<br/>£'000</b> | <b>2022<br/>£'000</b> | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> | <b>2019<br/>£'000</b> |
|---------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Actuarial gain on assets                                                  | (277)                 | (2,217)               | 3,405                 | 919                   | 560                   |
| Changes in assumptions underlying the present value of scheme liabilities | 3,529                 | 7,752                 | 749                   | (298)                 | (1,716)               |
| Experience (losses)/gains on liabilities                                  | (297)                 | 1,917                 | (3,614)               | (1,213)               | (8)                   |
| Total amount recognised in the other comprehensive income                 | 2,955                 | 7,452                 | 540                   | (592)                 | (1,164)               |

\*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. As this reflects the policy for the surplus.

**17. 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 are obtainable from the following address:

University of South Wales  
Pontypridd  
Rhondda Cynon Taff.  
CF37 1DL

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# Accounts

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**Y Coleg  
Merthyr Tudful  
The College  
Merthyr Tydfil**

**Merthyr Tydfil College Limited**

**Coleg Merthyr Tudful Cyfyngedig**

**Annual Report and Financial  
Statements for the year ended  
31<sup>st</sup> July 2022**

# **Merthyr Tydfil College Limited**

## **Annual Report and Financial Statements for the year ended 31 July 2022**

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## Strategic Report for the year ended 31 July 2022

The directors present their strategic report and the audited financial statements of The College Merthyr Tydfil (known as 'the Company' or 'the College') for the year ended 31 July 2022. The financial statements 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 the Accounts Direction for Further Education Colleges in Wales 2021/22.

### Principal activities

The College is a wholly owned subsidiary of the University of South Wales (USW) and the principal activities are the provision of further education, higher education, work based learning, professional training, consultancy and the delivery of Government initiatives to industry.

### Business review and future developments

During the year, the Board reviewed the five-year strategic plan which articulates how the College will develop. The College's strategic priorities are:

- To provide an outstanding learning experience by placing our learners at the heart of everything we do.
- To offer an innovative and responsive curriculum that supports all learners to progress on to their chosen career pathway.
- To provide a safe, supportive and inclusive college environment for all learners and staff
- To work collaboratively across our region to deliver inspiring and effective skills and training programmes that promote lifelong learning, support economic growth and meet stakeholder needs.
- To provide effective Financial, HR and Estates strategies to maximise sustainability and resilience, supporting future investment in the college as a first class learning and working environment for all.

### Curriculum developments

The College works in partnership with local schools, the local authority, employers and the South East Wales Regional Partnership to offer an innovative, distinctive, high quality curriculum that raises aspirations and transforms lives, providing industry relevant, employer focussed courses and qualifications with appropriate progression pathways for learners of all abilities and ages to succeed and progress on to higher level learning, apprenticeships or employment.

The college's Curriculum Portfolio Group provides an effective platform for employers and local community representatives to feed into curriculum development and delivery. This feedback, together with the use of detailed EMSI labour market intelligence data, has enabled the college to bring together and triangulate local school planning data, labour market intelligence and employer feedback to ensure that our curriculum is both demand-led and inclusive whilst also responding to industry and economic need. This has resulted in the successful introduction of new industry relevant courses in Games Design, E-Sports and Electrical Installation together with a new lower-level Vocational pathways course to bridge gaps in provision and extend the choices available to learners.

### Partnerships

The college has fantastic partnership links with local schools, with 80% of the year 11 pupils progressing to the college in September 2022. This is further enhanced through a comprehensive school transition programme, including taster days, open evenings, Have A Go Events, attendance at year 11 assemblies and parents evenings and school based subject talks.

During 2021-2022, the college has continued to build upon its excellent relationships with local employers, engaging with over 154 employers and progression partners across the year to drive forward college provision, on-line work experience placements and volunteering opportunities, employability advice and guidance, employer engagement projects, provision of part-time training and development through both our part-time funding and PLA route, careers talks and virtual careers fairs, progression and taster events. Key employers engaged with include, E-Sports Wales, Golf Wales, Panasonic, Newport Wafer Fab, Concrete Canvas, Tenneco, Philtronics, Creative Wales, Cardiff Theatrical Company, Barclays, Cwm Taf Health Board, Valleys Construction, Active Merthyr, Table Tennis Wales, Cyber Cymru Wales, Royal College of Nursing Cadet Scheme, Bridewell, Dwr Cymru and many more.

## Strategic report for the year ended 31 July 2022 (continued)

### Learner Voice

The College conducts annual first experience and learner voice surveys, which seek views on teaching and learning quality, student experience, assessment and feedback, learner support, learner voice and other key quality indicators. Outcomes of our 2021/2022 surveys indicate that 86% of further education learners were satisfied with their learning experience at college.

Higher Education learners also take part in the annual National Student Survey. The NSS Survey highlighted that 87% of HE learners were satisfied with their experience at college, making the college the third highest college for student satisfaction amongst the University of South Wales FE Partner Colleges.

Feedback from the surveys is used alongside the outcomes of learner focus groups to improve and develop college courses, learner support, enrichment and general college life to enhance the student experience. Feedback is discussed with the learners themselves and staff with resultant actions communicated back to learners through a variety of mechanisms, including You Said, We Did campaigns.

### Results

The company's surplus for the year ended 31 July 2022 was £778k (2021: £992K).

The College's cash and liquidity positions remained strong throughout the year, with year-end cash balances exceeding target with a healthy current ratio (current assets to current liabilities). The College wishes to continue to accumulate cash balances to fund future planned capital developments. To achieve this, the College has continued its drive for efficiency in the education and training it delivers. This has been, and will be, achieved by thoroughly reviewing its curriculum provision, effective deployment of resources, and best value procurement of goods and services. Significant re-investment into the College estate and plant and equipment ensures that learners have quality resources to support the educational process.

### Going Concern

The College has net liabilities which include a substantial long term pension deficit (see note 16 to the financial statements). In assessing whether the going concern basis is appropriate the Directors have considered the College's expected future cash flows and are satisfied that the College has adequate resources to continue in operational existence for a minimum of 12 months from the date of the signing of the financial statements.. In conjunction with the management at the University of South Wales, the Directors will continue to assess the options available to manage the pension deficit in order to ensure the College's long term sustainability.

### Key Performance Indicators

The following five key performance indicators (KPIs) are relevant when assessing performance for the year:

- i) Surplus - £778K (2021: £992K)
- ii) Year-end cash position - £5,890K (2021: £5,609K)
- iii) Current ratio – 2.28 (2021: 2.21)
- iv) Learner Voice – 86% overall FE satisfaction for 2021/2022, 87% overall HE satisfaction for 2021/22
- v) Learner Outcomes – 97% A level success rate, vocational success rates for 2020-2021 are not yet available

Student numbers: For the academic year 2021/22 the college had 2,084 (2020/21: 2,429) Further Education students 1,645 on full-time courses and 439 on part-time courses, (2020/21 1,807 FT, 622 PT), 216 Higher Education students 160 full-time and 56 part-time, (2020/21 214 FT, 69 PT). As in previous years these numbers, particularly on part time/higher education provision, have been adversely affected due to the ongoing impact of the pandemic and a buoyant employment market.

## Strategic report for the year ended 31 July 2022 (continued)

**Quality:** Student performance in 2021-22 remained strong. Staff worked hard to support and engage students whose mental health was impacted as a consequence of Covid. The results achieved by the students were testament to the dedication of the teaching, support staff and wider support from friends and families provided throughout the pandemic. The college has established protocols and procedures to enable rigorous monitoring and support for learners to achieve their qualifications at the college as assessment practices return to normal.

**Health & Safety:** The most recent audit conducted by the University demonstrated a comprehensive approach to the management of Health and Safety. The College has an action plan to address any shortcomings identified in audit reports. The next audit is planned for autumn 2022 which will provide direction for the action plan going forward.

### Subsidiary Company

On the 1st August 2019 the College acquired Tydfil Training Consortium Ltd (TTC Ltd), a charitable company engaged primarily in the delivery of the Welsh Governments Work Based Learning programme. TTC Ltd had turnover for the year ended July 31 2022 of £2,084K (2021: £1,383k). For reporting purposes, these are consolidated by the University of South Wales. Since acquisition, the College and TTC Ltd management teams have been working together to maximise the benefits available to both parties and the community at large, by combining resources and skills. This will give the greatest potential to maximise the offer from new opportunities, such as the UK Government's Shared Prosperity Fund.

### **Principal risks and uncertainties**

Outlined below are the principal risks facing the College. Not all the factors are wholly within the College's control. Other factors besides those listed below may also adversely affect the College.

#### Government funding

The College relies considerably on continued government funding. In **2022 90%** of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College mitigates the risk by:

- Ensuring that it continues to explore opportunities to diversify income
- Delivering a curriculum that is responsive to the needs of the local community whilst also supporting Regional priority sectors and future skills needs
- Constantly monitoring its recruitment position and modelling the impact on future years funding
- Maintaining a key focus on its quality profile to maintain and enhance its excellent reputation and be the college of choice for learners, parents and employers alike.
- Maintaining and continuing to build partnerships with schools, employers and the business community
- Being responsive to any funding intelligence in a timely manner

#### Financial Sustainability

The College will continue to explore alternative sources of income both in collaboration with partners and in its own right. This risk is mitigated in a number of ways:

- Funding is derived through a number of direct contractual arrangements;
- Expansion of higher education under HEFCW's widening access agenda,
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies; and
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.

The ongoing impact of the coronavirus pandemic along with the cost of living challenge and the conflict in Ukraine has created ongoing uncertainty and disruption to both the economy and education. This has resulted in a number of financial and operational challenges. The College is monitoring the rise in utility costs and looking for ways to improve efficiency, along with close monitoring on the inflationary impact on consumables. This is being considered for the short, medium and long term.

## **Strategic report for the year ended 31 July 2022 (continued)**

### **Risk management**

The College is committed to exhibiting best practice in all areas of risk management and corporate governance, fully adhering to the principles set out in the Governance Code of Practice and General Principles.

The College's Board of Directors is responsible for the 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 can only provide reasonable and not absolute assurance against material misstatement or loss.

The College maintains a risk register which considers business, operational, compliance and financial risks. The register is regularly reviewed by senior management, and the College's risk management process is consolidated into the

University of South Wales (parent entity) whose internal control guidance adheres to the combined code as amended by the British Universities Finance Directors Group.

The Board of Directors met four times during the reporting period. 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. 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 2022-23.

As part of the University of South Wales group financial risk management and internal control framework, as highlighted in the financial statements of the University of South Wales, the College has undertaken work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the College Executive (the senior management team) undertakes a comprehensive review of the risks to which the College is exposed. The College Executive identify systems and procedures, including specific preventative actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review effectiveness and progress against risk mitigation actions. In addition to the annual review, the College Executive will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College which is reviewed four times a year by the Board of Directors. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The College as part of the University of South Wales Group, 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.

This has been in place for the year ended 31 July 2022 and in place up to the date of approval of the Financial Statements.

**Strategic report for the year ended 31 July 2022 (continued)**  
**Energy and Carbon Reporting**

UK Greenhouse gas emissions and energy data use for the year to 31 July 2022:

|                                                         | 2021/22   | 2020/21   |
|---------------------------------------------------------|-----------|-----------|
| Energy consumption used to calculate emissions (kWh)    | 2,932,751 | 2,262,000 |
| Scope 1: emissions in metric tonnes CO <sub>2</sub> e   |           |           |
| Gas                                                     | 203       | 268       |
| Other Fuels (Bioenergy)                                 | 5.7       | -         |
| Fleet (Owned Transport)                                 | 2.6       | 21        |
| Scope 2: emissions in metric tonnes CO <sub>2</sub> e   |           |           |
| Purchased electricity                                   | 247       | 232       |
| Scope 3: emissions in metric tonnes CO <sub>2</sub> e   |           |           |
| Gas (WTT)                                               | 34.6      | -         |
| Electricity (T&D)                                       | 22.6      | -         |
| Electricity (WTT)                                       | 64.5      | -         |
| Other fuels (Bioenergy) (WTT)                           | 4.3       | -         |
| Fleet (WTT)                                             | 0.6       | -         |
| Business Travel – Transport                             | 1.8       | 22        |
| Business Travel – Transport (WTT)                       | 0.4       | -         |
| Business Travel - Accommodation                         | 0.6       | -         |
| Total gross emissions – Metric tonnes CO <sub>2</sub> e | 587.5     | 543       |
| Intensity ratio – tonnes CO <sub>2</sub> e per student  | 0.30      | 0.64      |

**Qualification and reporting methodology**

We have followed the 2022 HM Government Environmental Reporting guidelines. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2022 UK Government's conversion factors for Company Reporting. Organisations that operate a July to June reporting year should apply the newest set of available factors. This year we have expanded our reporting to include further scope 3 emission categories, including:

- Gas (WTT)
- Electricity (T&D)
- Electricity (WTT)
- Other fuels (Bioenergy) (WTT)
- Fleet (WTT)
- Business Travel – Transport (WTT)
- Business Travel – Accommodation

WTT = Well to tank

T&D = Transmission & Distribution

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO<sub>2</sub>e per pupil, the recommended ratio for the sector.

**Measures taken to improve energy efficiency**

The college has a commitment to maintaining an environmentally sustainable, supportive and technologically innovative institution. The building is partially heated by a biomass system with solar panels installed on the roof of the campus. The college has installed an electric vehicle charging point and has commenced a large scale project to upgrade the lighting system to LED. During the 2021/2022 the college:

- Upgrade to LED lighting: welding workshop. Completed: October 2020
- Upgrade of lighting to LED: motor vehicle workshop and construction corridor. Completed: February 2022

# Merthyr Tydfil College Limited

## Directors' report for the year ended 31 July 2022

### Directors and their interests

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:

|                     |                                          |                       |
|---------------------|------------------------------------------|-----------------------|
| Mr C Sutton         | Appointed 1 August 2019                  | Chairperson           |
| Dr Ben Calvert      | Appointed 1 September 2021               |                       |
| Mr G Morgan*        | Appointed 19 March 2013                  | Resigned 31 July 2022 |
| Mrs K Burns         | Appointed 7 May 2014                     |                       |
| Mr Simon Argent     | Appointed 10 May 2021                    |                       |
| Mrs Lisa Thomas     | Appointed 21 September 2018 (ex officio) |                       |
| Miss Hollie Morgan  | Appointed 11 January 2021                | Resigned 31 July 2022 |
| Mr K Hamblin        | Appointed 1 August 2019                  |                       |
| Mrs Lucy FitzGerald | Appointed 7 January 2022                 | Company Secretary     |

\*non-executive directors

No payments have been made to or on behalf of the above with the exception of Mrs Lisa Thomas (Principal / Chief Executive / Accounting Officer) whose remuneration is disclosed in Note 4.

### Directors' indemnities

The company purchased and maintained throughout the financial year directors' and officers' liability insurance.

This was also in force at the date of approval of the annual report and financial statements.

### Dividends

The company is limited by guarantee. The directors do not recommend the payment of a dividend in respect of the year ended 31 July 2022 (2021 – nil)

### Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance. This statement describes the manner in which the College has due regard to the principles set out in the UK Corporate Governance Code 2018. Its purpose is to help the reader of the annual report and financial statements understand how the principles have been applied. The Boards of Directors of the College is responsible to the Board of the University which is the sole 'member' of the corporation. The committees of the Board of Governors of the University act as committees for the Boards of Directors of the College as appropriate.

### Summary of the College's Structure of Corporate Governance

The College's Board comprises of directors appointed in accordance with the Articles of Government. The roles of the Chair and Deputy Chair of the Board are separated from the role of the Principal (as Chief Executive). Those matters specifically reserved to the Board for decision are set out in the Articles of Government of the College. The Board holds to itself the responsibilities for the ongoing strategic direction of the College, the effective and efficient use of resources and the approval of major developments and receives regular reports from senior management.

The Board meets four times a year and is represented at the University of South Wales Group Committees (Finance and Resources, Human Resources and Audit). In addition, a Culture, People and Values Committee makes recommendations to the Board on membership and the remuneration of senior management.

The Finance and Resources Committee considers and advises the Board on long term financial strategies, recommends to the Board annual revenue and capital budgets and longer term forecasts, reviews and recommend to the Board on the annual financial statements and receives regular reports on financial performance and financial position and monitor these reports against budget. In addition the Finance & Resources Committee recommends the approval of the Financial Regulations including any financial policies therein (formally at three-year intervals or when significant changes are made), monitors borrowing levels and requirements, liquidity and the investment of surplus funds in line with that Policy, and approves or recommends expenditure proposals, contracts and grant applications in line with the Financial Regulations.

## **Directors' report for the year ended 31 July 2022 (continued)**

In the opinion of the directors, the College complies with all of the provisions of the UK Corporate Governance Code 2018, in so far as they apply to the further and higher education sectors, and it has complied throughout the year ended 31 July 2022 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. The company is a member of the University of South Wales Equalities Forum, and its sub-groups. Communication with all employees is undertaken through termly staff meetings, and e-mails as required.

### **Political Contributions**

The College made no political contributions or incurred any political expenditure during the period (2021 – Nil)

### **Engagement with Suppliers, Customers and other Business relationships**

The Board of Directors have a duty to promote the success of the College for the benefit of its members, having regard to the interests of all its stakeholders including suppliers, customers and other business relationships. This ensures that the college maintains a reputation for high standards of quality and business conduct. The colleges' financial regulations and procedures clearly set out the key principles for this area.

### **Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the strategic report.

### **Provision 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 director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he/she has taken all the steps that ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Board of Directors are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum between the Welsh Government and the Board of Directors of the College, the Board, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, the Accounts Direction for Further Education Colleges in Wales and the UK's Generally Accepted Accounting Principles, and which give a true and fair view of the state of affairs of the College and its surplus/deficit of income over expenditure for that period.

**Directors' report for the year ended 31 July 2022 (continued)**

In preparing the financial statements, the Board is required to:

- select suitable accounting policies and apply them consistently
- make judgements 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
- Assess whether the college is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation

The Board is also required to prepare a strategic report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors of the Board are responsible for ensuring that expenditure and income are applied for the purposes intended by the Welsh Government and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the Welsh Government are used only in accordance with the Financial Memorandum with the Welsh Government and any other conditions that may be prescribed from time to time. Directors must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, Board directors are responsible for securing economical, efficient and effective management of the College's resources and expenditure so that the benefits that should be derived from the application of public funds from the Welsh Government are not put at risk.

Approved by order of the Board of Directors on 28 November 2022 and signed on its behalf by:



**Mr C Sutton**  
**Chair**

# **Merthyr Tydfil College Limited**

## **Directors' report for the year ended 31 July 2022 (continued)**

### **Statement of regularity, propriety and compliance**

As accounting officer I confirm that the college has had due regard to the requirements of grant funding agreements and contracts with the Welsh Government and has considered its responsibility to notify the Welsh Government of material irregularity, impropriety and non-compliance with terms and conditions of funding.

I confirm on behalf of the college that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the college, or material non-compliance with the terms and conditions of funding, under the college's grant funding agreements and contracts with the Welsh Government, or any other public funder.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Welsh Government.

**Signed**

**Accounting Officer**

**Date**

Statement of the chair of governors on behalf of the college, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.

**Signed**



**Mr C Sutton**

**Chair**

**28 November 2022**

# **Merthyr Tydfil College Limited**

## **Public Benefit Statement for the year ended 31 July 2022**

Merthyr Tydfil College Limited is a registered charity. The registered address is Merthyr Tydfil College, (University of South Wales), Treforest, Pontypridd, CF37 1DL and the registered number is 1140289. The members of the Board are directors for the purposes of the Companies Act 2006 and also 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.

### **Charitable Objectives**

The College promotes the advancement of education and learning for the public benefit. It also provides, maintains and improves performance facilities for the benefit of the local community.

The College is well aware of its public benefit responsibility and, therefore, ensures this is embedded in all of its operations to offer fully inclusive services.

### **Fulfilment of the charitable objectives**

#### *Beneficiaries*

The College has a student population of approximately 2,300 learners through different modes of study, 1,805 full time and 495 part time. The primary beneficiaries are students of the College directly engaged in high-quality training in a range of disciplines. However, beneficiaries extend to pre-College students (from the age of fourteen upwards) in addition to local employers and businesses.

#### *Admissions policy*

The College operates a flexible admissions policy and provides for individual needs in the design of learning programmes. For some programmes there are specific entry requirements which are reviewed annually and published in the College prospectus.

#### *Bursaries/scholarships*

Students enrolled at the College are entitled to apply for various support and funding in the same way as anyone studying in further or higher education in Wales. These are funded by the College.

Students studying further education courses at the College are eligible to apply for various means of support. The Education Maintenance Allowance is available to students aged 16 to 19 years with the Assembly Learning Grant available to students aged 19+. The Bursary grant is an alternative means of support which is funded through the Colleges' Access funds.

In addition to the above the College also administers other initiatives that students can access. Subsidised childcare facilities, free meals and transport allowances are available along with financial support for educational visits and study aids.

Higher education students have access to alternative methods of support. The Assembly Learning Grant or the Higher Education Fee Waiver can be applied for depending on individual circumstances. There are also funds available for HE students in financial hardship. The College provides student support and guidance on the application process.

#### *Widening Participation*

The College provides a wide range of programmes for learners from the age of 14 years. Many learners are able to access grant support as a means of tackling social exclusion. In terms of community provision, the College offers a wide range of accredited programmes that are delivered through partnership working with the local county borough council. Likewise, many family learning programmes are offered in community venues on an annual basis.

#### *Community Engagement*

The College offers other facilities which are accessible to students, staff and members of the community. A large sports hall is available for hire along with various sporting equipment. The College facilities are charged at subsidised rates to ensure their accessibility to all.

**Public Benefit Statement for the year ended 31 July 2022 (continued)**

*Equality*

College staff are an equally diverse body of people with different perspectives, values and attitudes. The College seeks to promote an inclusive environment where such differences are shared and valued, and where any unfair treatment or discrimination is challenged and eliminated.

The University of South Wales Group Strategic Equality Plan 2020-24 sets out our response to the requirements of the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011. This plan presents a clear commitment to not only comply with equality legislation, but also to ensure that all those who work or study at the College are treated with respect and that diverse needs are taken into consideration and responded to. This commitment to equality and diversity is even more important during this current climate of economic uncertainty and substantial change to the education sector. This is a time when it is essential to ensure that steps to ensure equality of opportunity in education and work are put in place and actions are prioritised where they are most needed.

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 has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERTHYR TYDFIL COLLEGE LIMITED**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the financial statements of Merthyr Tydfil College Limited ("the College") for the year ended 31 July 2022 which comprise the Income and Expenditure Account, Statement of Changes in Reserves, Balance Sheet, 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 College's affairs as at 31 July 2022 and of its profit 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 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 its 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 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 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.

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 College'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 College 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 directors, the Audit Committee, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board of Directors and Audit and Risk Committee meeting 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERTHYR TYDFIL COLLEGE LIMITED (continued)**

As required by auditing standards, we perform procedures to address the risk of management override of controls and 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 some of the College-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 related to 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), 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.

Firstly, the College is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation and further education related legislation, including the Accounts Direction for Further Education Colleges in Wales issued by Welsh Government), distributable profits 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 strategic report and directors' 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 strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERTHYR TYDFIL COLLEGE LIMITED (continued)**

### **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 pages 8-11, 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 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 College 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](http://www.frc.org.uk/auditorsresponsibilities).

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

We are required to report on the following matters under the Further Education Audit Code of Practice 2015 (effective 1 August 2014) issued by the Welsh Government under the Learning and Skills Act 2000.

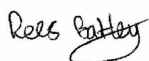
In our opinion, in all material respects:

- monies expended out of Welsh Government grants and other funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation;
- funding received from the Welsh Government (and other bodies and restricted funds where appropriate) has been applied in accordance with the Financial Memorandum between the Welsh Government and further education institutions; and
- the financial statements meet the requirements of the Accounts Direction for Further Education Colleges in Wales 2021/22 issued by Welsh Government.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERTHYR TYDFIL COLLEGE LIMITED (continued)**

**THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

This report is made solely to the College's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and paragraph 56(b) of the College's Articles of Association. Our audit work has been undertaken so that we might state to the College'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 College and the College's 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*

66 Queen Square

Bristol

BS1 4BE

30 November 2022

# Merthyr Tydfil College Limited

Company Registration No. 6671721

## Income and Expenditure account for the year ended 31 July 2022

|                                              | Note  | 2021          | 2020          |
|----------------------------------------------|-------|---------------|---------------|
|                                              |       | £'000         | £'000         |
| <b>Income</b>                                |       |               |               |
| Funding body grants                          | 2     | 14,855        | 13,680        |
| Tuition fees and education contracts         | 1     | 1,027         | 1,283         |
| Other income                                 | 3     | 1,269         | 1,267         |
| Investment Income                            |       | 10            | 15            |
| <b>Total income</b>                          |       | <b>17,161</b> | <b>16,245</b> |
| <b>Expenditure</b>                           |       |               |               |
| Staff costs                                  | 4     | 10,865        | 10,305        |
| Other operating expenses                     |       | 3,921         | 3,618         |
| Depreciation and Amortisation                | 8 + 9 | 1,451         | 1,242         |
| Interest and other finance costs             | 6     | 146           | 119           |
| <b>Total expenditure</b>                     |       | <b>16,383</b> | <b>15,284</b> |
| Gain on Disposal of Asset                    |       | -             | 30            |
| <b>Surplus for the year</b>                  |       | <b>778</b>    | <b>992</b>    |
| Actuarial gain in respect of pension schemes | 16    | 7,452         | 540           |
| <b>Total comprehensive income/(expense)</b>  |       | <b>8,230</b>  | <b>1,532</b>  |

The accompanying notes on pages 22 to 36 are an integral part of the Financial Statements.

## Merthyr Tydfil College Limited

### Statement of Changes in Reserves for the year ended 31 July 2022

|                                         | £'000<br>I&E and Pension | £'000<br>Other | £'000<br>Total Reserve |
|-----------------------------------------|--------------------------|----------------|------------------------|
| <b>Balance at 1 August 2021</b>         | <b>(1,414)</b>           | <b>2,168</b>   | <b>754</b>             |
| Surplus for the year                    | 778                      | -              | 778                    |
| Other comprehensive income              | 7,452                    | -              | 7,452                  |
| Total comprehensive income for the year | 8,230                    | -              | 8,230                  |
| <b>Balance at 31 July 2022</b>          | <b>6,816</b>             | <b>2,168</b>   | <b>8,984</b>           |

The company is limited by guarantee and comprises one member.

The accompanying notes on pages 22 to 36 are an integral part of the Financial Statements.

# Merthyr Tydfil College Limited

Company Registration No. 6671721

## Balance sheet as at 31 July 2022

|                                                                | Note | 2022            | 2021       |
|----------------------------------------------------------------|------|-----------------|------------|
|                                                                |      | £'000           | £'000      |
| <b>Non-current assets</b>                                      |      |                 |            |
| Intangible assets                                              | 8    | 86              | 83         |
| Fixed assets                                                   | 9    | 27,766          | 28,159     |
| <b>Current assets</b>                                          |      |                 |            |
| Stock                                                          |      | 12              | 10         |
| Trade and other receivables                                    | 10   | 592             | 606        |
| Investments                                                    |      | 5,890           | 5,841      |
| Cash and cash equivalents                                      |      | 8,145           | 5,608      |
|                                                                |      | <b>14,639</b>   | 12,065     |
| <b>Creditors:</b> amounts falling due within one year          | 11   | <b>(6,431)</b>  | (5,470)    |
| <b>Net current assets</b>                                      |      | <b>8,208</b>    | 6,595      |
| <b>Total assets less current liabilities</b>                   |      | <b>36,060</b>   | 34,837     |
| <b>Creditors:</b> amounts falling due after more than one year | 12   | <b>(23,955)</b> | (24,507)   |
| <b>Provisions</b>                                              |      |                 |            |
| Pension provisions                                             | 13   | <b>(3,122)</b>  | (9,576)    |
| <b>Total net assets</b>                                        |      | <b>8,984</b>    | 754        |
| <b>Unrestricted Reserves</b>                                   |      | <b>8,984</b>    | 754        |
| <b>Total Reserves</b>                                          |      | <b>8,984</b>    | <b>754</b> |

The accompanying notes on pages 22 to 36 are an integral part of the Financial Statements and were approved by the Board of Directors on 28<sup>th</sup> November 2022 and were signed on its behalf by:



Mr C Sutton  
Chair

# Merthyr Tydfil College Limited

## Cashflow Statement for the year ended 31 July 2022

|                                                                 | 2022<br>£'000 | 2021<br>£'000  |
|-----------------------------------------------------------------|---------------|----------------|
| <b>Cash flow from operating activities-</b>                     |               |                |
| Surplus for the year                                            | 778           | 992            |
| <b>Adjustment for non-cash items</b>                            |               |                |
| Depreciation                                                    | 1,421         | 1,210          |
| Amortisation of intangibles                                     | 30            | 32             |
| Decrease in stock                                               | (2)           | 5              |
| Decrease in debtors                                             | 13            | 35             |
| Increase in creditors                                           | 721           | 1,442          |
| LGPS pension costs less contributions payable                   | 998           | 826            |
| Investment income                                               | (10)          | (15)           |
| Profit on the sale of fixed assets                              | -             | (30)           |
| Release of capital grants                                       | (1,080)       | (874)          |
| <b>Net cash inflow from operating activities</b>                | <b>2,869</b>  | <b>3,623</b>   |
| <b>Cash flows from investing activities</b>                     |               |                |
| Transfers from cash to investments                              | (49)          | (3,482)        |
| Proceeds from sale of fixed assets                              | -             | 30             |
| Capital grants receipts                                         | 768           | 1,163          |
| Investment income                                               | 10            | 15             |
| Payments made to acquire fixed assets                           | (1,028)       | (1,154)        |
| Payments made to acquire intangible assets                      | (33)          | (46)           |
| <b>Net cash outflow from investing activities</b>               | <b>(332)</b>  | <b>(3,474)</b> |
| Cash and cash equivalents at beginning of the year              | 5,609         | 5,460          |
| <b>Analysis of Cash and cash equivalents at end of the year</b> |               |                |
| Short term deposits                                             | 19            | 42             |
| Cash at bank and cash in hand                                   | 8,126         | 5,567          |
| <b>Total</b>                                                    | <b>8,145</b>  | <b>5,609</b>   |

The accompanying notes on pages 22 to 36 are an integral part of the Financial Statements

# **Merthyr Tydfil College Limited**

## **Accounting policies**

### **Basis of Preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with the Financial Reporting Standards (FRS 102). The College is a public benefit entity and therefore has applied the relevant public benefit requirement. The financial statements are in accordance with the historical cost convention.

The financial statements have been prepared adopting the going concern basis, assessing the College's expected future cash flows to ensure that the College has adequate resources to continue in operational existence for a minimum of 12 months from the date of the signing of the financial statements.

### **Going Concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The College has net liabilities which include a substantial long term pension deficit (see note 16 to the financial statements). In assessing whether the going concern basis is appropriate the Directors have considered the College's expected future cash flows and are satisfied that the College has adequate resources to continue in operational existence for a minimum of 12 months from the date of the signing of the financial statements. The College's assessment has included reforecasts and stress testing in response to the Coronavirus pandemic which have indicated that the College has capacity to absorb the short and medium term financial impact of potential scenarios caused by the outbreak. In conjunction with the management at the University of South Wales, the Directors will continue to assess the options available to manage the pension deficit in order to ensure the College's long term sustainability. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

### **Recognition of income**

Funding body grants are accounted for in the year to which they relate.

Tuition fee income is stated gross and credited to the income and expenditure account over the period in which students are studying.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

### **Pension schemes**

Retirement benefits for employees of the Company are provided by the Teachers' Pensions Scheme Agency (TPS) and the Rhondda Cynon Taff Pension Fund (RCTPF), a Local Government Pension Scheme (LGPS). RCTPF is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme.

It is not possible to identify each institution's share of the underlying assets and 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 profit and loss account being equal to the contributions payable to the scheme for the period.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency

## **Merthyr Tydfil College Limited**

### **Accounting policies (continued)**

to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating expenditure. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of comprehensive income.

#### **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.

#### **Employment Benefits**

Short term employment benefits 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.

#### **Operating Leases**

Rentals paid under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

#### **Foreign currency**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Surplus or Deficit.

#### **Intangible assets**

Intangible assets which comprise software are amortised over 4 years representing the estimated economic life of the asset. Each year the assets are reviewed for indicators of impairment and where identified full impairment review is carried out and reflected in the financial accounts.

#### **Tangible Fixed Assets**

Tangible fixed assets are recorded at purchase cost, including non-recoverable VAT, incidental costs of acquisition, less accumulated depreciation and accumulated impairment losses. Each year the assets are reviewed for indicators of impairment and where identified full impairment review is carried out and reflected in the financial accounts

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.

The principal rates used for this purpose are:

|                       |                                    |
|-----------------------|------------------------------------|
| Buildings             | - up to 50 years straight line     |
| Fixtures and fittings | - between 3-25 years straight line |
| Plant and machinery   | - between 3-40 years straight line |

Land is not depreciated.

## Accounting policies (continued)

Assets under construction represent the cost of purchasing, constructing and installing tangible fixed assets ahead of their productive use. No depreciation is charged on assets under construction until they are transferred to the appropriate asset heading when they are brought into use.

### Land and buildings

The freehold interest in land and buildings is included in the balance sheet at cost. Land and buildings acquired, buildings constructed or building refurbishments undertaken during the year, are included at cost less depreciation.

Finance costs directly attributable to the construction of fixed assets are capitalised as part of the cost of those assets.

### Assets Financed by Capital Grant or Donations

Where fixed assets are acquired with the aid of specific grants and donations, they are capitalised and depreciated as above. The related grants or donations are credited to deferred capital grants and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

### **Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

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

### **Reserves**

The college is aware of the need to secure its viability beyond the immediate future. The college recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support its core activities and to invest for its future needs. The reserves which the college retains can be categorised as follows:

Capital Reserves – To provide funds to meet the current and future capital spend requirements.

Strategic Reserve – To meet the cost requirements of strategic initiatives as per the college strategic plan

It is the colleges intention to continue to increase reserves through the generation of annual operating surpluses

### **Stock**

Stocks are valued at the lower of cost and net realisable value.

### **Provisions**

Provisions are recognised in the financial statements when :

- (a) The College has a present obligation (legal or constructive) as a result of a past event;
- (b) It is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) A reliable estimate can be made of the amount of the obligation.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

### **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 amounts 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.

**Accounting policies (continued)**

Pension

The College participates in two defined benefit pension schemes, the Teachers' Superannuation Scheme (TSS) and The Rhondda Cynon Taff County Borough Council Pension Fund (RCTPF). The assumptions made are detailed within Note 16. There have been two court cases that effect the LGPS defined benefit scheme. They relate to the guaranteed minimum pensions equalisation (GMPs) and age discrimination (McCloud). The impact of these cases are still uncertain, but following actuarial advice, a provision has been included as part of the assumptions on Note 16.

# Merthyr Tydfil College Limited

## Notes to the financial statements for the year ended 31 July 2022

### 1. Tuition fees and education contracts

|                                | 2022         | 2021         |
|--------------------------------|--------------|--------------|
|                                | £'000        | £'000        |
| Full-time home and EU students | 824          | 1,154        |
| Part-time students             | 203          | 129          |
|                                | <b>1,027</b> | <b>1,283</b> |

### 2. Funding body grants

|                            | 2022          | 2021          |
|----------------------------|---------------|---------------|
|                            | £'000         | £'000         |
| Government Recurrent grant | 13,429        | 12,550        |
| Specific Government grants | 346           | 256           |
| Release of capital grants  | 1,080         | 874           |
|                            | <b>14,855</b> | <b>13,680</b> |

### 3. Other Income

|                   | 2022         | 2021         |
|-------------------|--------------|--------------|
|                   | £'000        | £'000        |
| European Projects | 478          | 558          |
| Nursery           | 360          | 357          |
| Miscellaneous     | 431          | 352          |
|                   | <b>1,269</b> | <b>1,267</b> |

### 4. Staff costs

|                       | 2022          | 2021          |
|-----------------------|---------------|---------------|
|                       | £'000         | £'000         |
| Salaries              | 7,713         | 7,389         |
| Social security costs | 762           | 709           |
| Other pension costs   | 2,390         | 2,207         |
|                       | <b>10,865</b> | <b>10,305</b> |

|                                                  | 2022       | 2021       |
|--------------------------------------------------|------------|------------|
|                                                  | £'000      | £'000      |
| Emoluments of the Principal / Accounting Officer |            |            |
| Salary                                           | 110        | 108        |
| Pensions                                         | 26         | 26         |
|                                                  | <b>136</b> | <b>134</b> |

Other than the Principal there are no other remunerated directors.

**Notes to the financial statements for the year ended 31 July 2022 (continued)**

**Remuneration of the Principal expressed as:**

|                                                                                | <b>2022</b> | <b>2021</b> |
|--------------------------------------------------------------------------------|-------------|-------------|
| Basic salary as a multiple of the median basic salary of all staff             | 4.55        | 4.75        |
| Total remuneration as a multiple of the median total remuneration to all staff | 4.87        | 5.04        |
| (All full time and part time staff but excluding agency workers)               |             |             |

The College Board in agreeing the Principal's remuneration considers a range of information which includes benchmarking to other Welsh institutions, UK institutions, institutions of a comparable size and institutions with similar missions. The Board is also cognisant of wider institutional financial and academic performance, specifically annual reports of CPIs. The Senior Staff Pay Committee is also informed by the Vice Chancellor of their appraisal of individual performance as it relates to institutional performance. The Principal is the highest paid member of staff.

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

|                     | <b>2022</b>   | <b>2021</b>   |
|---------------------|---------------|---------------|
|                     | <b>Number</b> | <b>Number</b> |
| £65,000 - £69,999   | -             | -             |
| £70,000 - £74,999   | -             | 1             |
| £75,000 - £79,999   | -             | 1             |
| £80,000 - £84,999   | 1             | -             |
| £85,000 - £89,999   | 1             | -             |
| £100,000 - £104,999 | -             | -             |
| £105,000 - £109,999 | -             | 1             |
| £115,000 - £119,999 | -             | 1             |
| £120,000 - £124,999 | 1             | -             |

Higher paid employees are the Principal, Vice Principal (Academic) and the Vice Principal (Resources). There were no higher paid staff falling below £65,000.

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are the same individuals as those included in the higher paid staff table above. These comprise the Principal\*, Vice Principal Resources and the Vice Principal Academic. Vice Principal salaries are on a fixed point and are reflective of their position and responsibilities.

|                                       | <b>2022</b>  | <b>2021</b>  |
|---------------------------------------|--------------|--------------|
|                                       | <b>£'000</b> | <b>£'000</b> |
| Key management personnel compensation |              |              |
| Salary                                | 259          | 255          |
| Pension Contributions                 | 56           | 55           |
|                                       | <b>315</b>   | <b>310</b>   |

| <b>Atypical Staff</b> | <b>2022</b>  | <b>2021</b>  |
|-----------------------|--------------|--------------|
|                       | <b>£'000</b> | <b>£'000</b> |
| Agency Staff          | <b>52</b>    | <b>32</b>    |

Retirement benefits are accruing to 94 employees under a defined benefit scheme. (Retirement benefits for 2021 were also accruing for 94 employees).

**Notes to the financial statements for the year ended 31 July 2022 (continued)**

The monthly average number of employees by headcount (including senior post-holders) by major category during the year was as follows:

|                         | <b>2022</b>   | <b>2021</b>   |
|-------------------------|---------------|---------------|
|                         | <b>Number</b> | <b>Number</b> |
| Academic                | <b>170</b>    | 172           |
| Management & specialist | <b>29</b>     | 26            |
| Technical               | <b>5</b>      | 6             |
| Other                   | <b>54</b>     | 51            |
|                         | <b>258</b>    | 255           |

The monthly average number of employees by FTE (including senior post-holders) by major category during the year was as follows:

|                         | <b>2022</b>   | <b>2021</b>   |
|-------------------------|---------------|---------------|
|                         | <b>Number</b> | <b>Number</b> |
| Academic                | <b>154</b>    | 145           |
| Management & specialist | <b>22</b>     | 21            |
| Technical               | <b>5</b>      | 5             |
| Other                   | <b>39</b>     | 42            |
|                         | <b>220</b>    | 213           |

**5. Directors expenses and related party transactions**

No expenses were paid to directors during the year 2022(2021 – nil). No Director or other person related to the College had any personal interest in any contract or transaction entered into by the College during the year.

**6. Interest and other finance costs**

|                              | <b>2022</b>  | <b>2021</b>  |
|------------------------------|--------------|--------------|
|                              | <b>£'000</b> | <b>£'000</b> |
| Net charge on pension scheme | <b>146</b>   | 119          |

**Notes to the financial statements for the year ended 31 July 2022 (continued)**

**7. Analysis of expenditure by activity**

|                                                                  | <b>2022</b>   | <b>2021</b>  |
|------------------------------------------------------------------|---------------|--------------|
|                                                                  | <b>£'000</b>  | <b>£'000</b> |
| Academic and related expenditure                                 | <b>8,274</b>  | 7,945        |
| Administration and central services                              | <b>2,451</b>  | 2,484        |
| Premises (including service concession costs)                    | <b>2,443</b>  | 2,241        |
| Residences, catering and conferences                             | <b>71</b>     | 140          |
| Other expenses                                                   | <b>2,461</b>  | 2,474        |
|                                                                  | <b>15,700</b> | 15,284       |
| Other operating expenses included:                               |               |              |
| External auditor's remuneration in respect of audit services     | <b>21</b>     | 21           |
| External auditor's remuneration in respect of non-audit services | <b>6</b>      | 6            |
| Operating Lease rentals                                          |               |              |
| <i>Land &amp; Buildings</i>                                      | <b>114</b>    | 112          |
| <i>Other</i>                                                     | <b>3</b>      | 3            |

**8. Intangible assets**

|                                 | <b>2022</b>  | <b>2021</b>  |
|---------------------------------|--------------|--------------|
|                                 | <b>£'000</b> | <b>£'000</b> |
| <b>Software</b>                 |              |              |
| <b>Cost</b>                     |              |              |
| Opening balance                 | <b>267</b>   | 220          |
| Additions in year               | <b>33</b>    | 46           |
| Closing balance                 | <b>300</b>   | 266          |
| <b>Accumulated Amortisation</b> |              |              |
| Opening balance                 | <b>184</b>   | 150          |
| Charge for the year             | <b>30</b>    | 33           |
| Closing balance                 | <b>214</b>   | 183          |
| <b>Net book value</b>           | <b>86</b>    | <b>83</b>    |

**Notes to the financial statements for the year ended 31 July 2022 (continued)**

**9. Fixed assets**

|                                     | <b>Freehold<br/>Land and<br/>Buildings<br/>£'000</b> | <b>Fixtures<br/>Fittings<br/>Equipment<br/>£'000</b> | <b>&amp;<br/>Assets<br/>under<br/>Construction<br/>£'000</b> | <b>Total<br/>£'000</b> |
|-------------------------------------|------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------|------------------------|
| <b>Cost</b>                         |                                                      |                                                      |                                                              |                        |
| At 1 August 2021                    | 31,319                                               | 3,425                                                | -                                                            | 34,744                 |
| Additions                           | -                                                    | 1,029                                                | -                                                            | 1,029                  |
| <b>At 31 July 2022</b>              | <b>31,319</b>                                        | <b>4,454</b>                                         | <b>-</b>                                                     | <b>35,773</b>          |
| <b>Accumulated<br/>depreciation</b> |                                                      |                                                      |                                                              |                        |
| At 1 August 2021                    | 5,170                                                | 1,416                                                | -                                                            | 6,586                  |
| Charge for the year                 | 593                                                  | 828                                                  | -                                                            | 1,421                  |
| <b>At 31 July 2022</b>              | <b>5,763</b>                                         | <b>2,244</b>                                         | <b>-</b>                                                     | <b>8,007</b>           |
| <b>Net book value</b>               |                                                      |                                                      |                                                              |                        |
| <b>At 31 July 2022</b>              | <b>25,556</b>                                        | <b>2,210</b>                                         | <b>-</b>                                                     | <b>27,766</b>          |
| <b>At 31 July 2021</b>              | <b>26,149</b>                                        | <b>2,010</b>                                         | <b>-</b>                                                     | <b>28,159</b>          |

**10. Trade and other receivables**

|                                    | <b>2022<br/>£'000</b> | <b>2021<br/>£'000</b> |
|------------------------------------|-----------------------|-----------------------|
| Trade receivables                  | 61                    | 97                    |
| Other receivables                  | 248                   | 300                   |
| Prepayments and accrued income     | 190                   | 202                   |
| Amounts owed by group undertakings | 93                    | 7                     |
|                                    | <b>592</b>            | <b>606</b>            |

Amounts due from group undertakings are unsecured, free from interest and payable on demand.

**Notes to the financial statements for the year ended 31 July 2022 (continued)**

**11. Creditors: amounts falling due within one year**

|                                             | <b>2022</b>  | <b>2021</b>  |
|---------------------------------------------|--------------|--------------|
|                                             | <b>£'000</b> | <b>£'000</b> |
| :                                           |              |              |
| Trade payables                              | 71           | 84           |
| Amounts owed to group undertakings          | 141          | 49           |
| Deferred Government Capital Grant           | 1,175        | 935          |
| Social security and other taxation payables | 537          | 513          |
| Accruals and deferred income                | 4,507        | 3,889        |
|                                             | <b>6,431</b> | <b>5,470</b> |

Amounts due to group undertakings are unsecured, free from interest and payable on demand.

**12. Creditors: amounts falling due after more than one year**

|                                   | <b>2022</b>  | <b>2021</b>  |
|-----------------------------------|--------------|--------------|
|                                   | <b>£'000</b> | <b>£'000</b> |
| :                                 |              |              |
| Deferred Government Capital Grant | 23,955       | 24,507       |

**13. Provisions**

**Pension Provisions**

|                        | <b>Pension<br/>enhancement on<br/>termination</b> | <b>Defined<br/>Benefit obligation<br/>(see Note 16)</b> | <b>Total</b>   |
|------------------------|---------------------------------------------------|---------------------------------------------------------|----------------|
|                        | <b>£'000</b>                                      | <b>£'000</b>                                            | <b>£'000</b>   |
| <b>Cost</b>            |                                                   |                                                         |                |
| At 1 August 2021       | 706                                               | 8,870                                                   | <b>9,576</b>   |
| Utilised in year       | (115)                                             | 455                                                     | <b>340</b>     |
| Additional provision   | -                                                 | (6,795)                                                 | <b>(6,795)</b> |
| <b>At 31 July 2022</b> | <b>591</b>                                        | <b>2,530</b>                                            | <b>3,121</b>   |

**Notes to the financial statements for the year ended 31 July 2022 (continued)**

**14. Lease obligations**

**Total rentals payable under operating leases:**

|                                             | <b>Land and<br/>Buildings<br/>£'000</b> | <b>Plant and<br/>Machinery<br/>£'000</b> | <b>2022<br/>Total<br/>£'000</b> | <b>2021<br/>Total<br/>£'000</b> |
|---------------------------------------------|-----------------------------------------|------------------------------------------|---------------------------------|---------------------------------|
| Payable during the year                     | 114                                     | 3                                        | 117                             | 115                             |
| Future minimum lease payments due:          |                                         |                                          |                                 |                                 |
| Not later than 1 year                       | 114                                     | 3                                        | 117                             | 115                             |
| Later than 1 year and not less than 5 years | 117                                     | 3                                        | 120                             | 238                             |
| Later than 5 years                          | -                                       | -                                        | -                               | -                               |
| <b>Total lease payments due</b>             | <b>231</b>                              | <b>6</b>                                 | <b>237</b>                      | <b>353</b>                      |

**15. Related party transactions**

The College is a wholly-owned subsidiary of the University of South Wales, and is included in the consolidated financial statements of the University of South Wales, which are publicly available from University of South Wales, Pontypridd, Rhondda Cynon Taff, CF39 1DL .

Due to the nature of the College's operations and the composition of the Board of Directors (being drawn from local public and private sector organisations), it is likely that transactions will take place with organisations in which a member of the Board of Directors may have an interest. All transactions involving organisations in which a member of the Board of Directors may have an interest are conducted in accordance with the College's financial regulations and normal procurement procedures.

Other than those disclosed elsewhere in the financial statements, no transactions were identified which would be disclosed under FRS102 Related Party Disclosures.

| <b>Organisation</b>           | <b>31 July 2022</b>          |                           | <b>31 July 2021</b>          |                           |
|-------------------------------|------------------------------|---------------------------|------------------------------|---------------------------|
|                               | <b>Expenditure<br/>£'000</b> | <b>Creditor<br/>£'000</b> | <b>Expenditure<br/>£'000</b> | <b>Creditor<br/>£'000</b> |
| The University of South Wales | 473                          | -                         | 559                          | -                         |
| USW Services Ltd              | 282                          | -                         | 191                          | -                         |
| USW Commercial Services       | 1                            | -                         | -                            | -                         |
| Tydfil Training Consortium    | 152                          | 137                       | 80                           | 56                        |

**Notes to the financial statements for the year ended 31 July 2022 (continued)**

**16. Pensions**

The Company participates in two pension schemes, the Rhondda Cynon Taff Pension Fund (RCTPF) for non-academic staff, and the Teachers' Pension Scheme (TPS) for academic staff. The assumptions made are detailed within this note. There have been two court cases that effect the LGPS defined benefit scheme. They relate to the guaranteed minimum pensions equalisation (GMPs) and age discrimination (McCloud). The impact of these cases are still uncertain, but following actuarial advice, a provision has been included as part of the assumptions in this note.

**Teacher's Pension Scheme**

The Teachers' Pension Scheme is a contributory "sector-wide" scheme for academic staff administered by the Teachers' Pension Agency on behalf of the Department for Education and Skills. The scheme, which does not have a fund but instead operates on a 'pay-as-you-go' basis, is subject to actuarial valuation every five years for the purpose of determining the "sector-wide" contribution rates. The latest actuarial valuation of the scheme was as at 31 March 2016. The cost of pension increases is currently excluded from the valuation and neither employees nor employers contribute to this added value to the employee, which is met directly by the Exchequer. The contribution rate during the year was 23.68%. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the Income and Expenditure account of £1,050k, (2021: £1,010k) is equal to the contributions payable to the scheme for the year.

**Rhondda Cynon Taff County Borough Council Pension Fund**

**Funding Valuation**

This scheme provides benefits for non-academic staff based on final pensionable salary. The scheme is valued every three years as required under Regulation 77(1) of the Local Government Pension Scheme Regulations 1997 (SI 1997 No. 1612). The latest valuation was undertaken by independent consulting actuaries as at 31 March 2019. Under the definitions set out in FRS 102, the Local Government Pension Scheme is a multi employer defined benefit pension scheme. In the case of the LGSS, the actuary of the scheme has identified the Institution's share of its assets and liabilities as at 31 July 2022. 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 £2.2m increase to the defined benefit obligation at 31 July 2022

The College employs a building block approach in determining the rate of return on Fund Assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund as at 31 July 2022.

**FRS102**

In accordance with the requirements of Financial Reporting Standard 102, the independent consulting actuaries updated the results of the March 2018 actuarial valuation in order to ascertain the valuation of the "sub-funds" in the scheme at 31 July 2022.

The principal assumptions used by the actuary in this respect were:-

|                                           | <b>2022</b> | <b>2021</b> | <b>2020</b> |
|-------------------------------------------|-------------|-------------|-------------|
|                                           | <b>%</b>    | <b>%</b>    | <b>%</b>    |
| Discount rate / interest income on assets | 3.50        | 1.65        | 1.45        |
| General increases in pensionable salaries | 3.75        | 3.90        | 3.20        |
| CPI pension increases                     | 2.75        | 2.90        | 2.20        |

**Notes to the financial statements for the year ended 31 July 2022 (continued)**

The current mortality assumptions include an allowance for future improvements in mortality rates. Assumed life expectations on retirement today and at age 65 are:-

|                                                                        | <b>2022<br/>Number</b> | <b>2021<br/>Number</b> |
|------------------------------------------------------------------------|------------------------|------------------------|
| <b>Retiring Today:</b>                                                 |                        |                        |
| Males                                                                  | 21.4                   | 21.3                   |
| Females                                                                | 23.8                   | 23.7                   |
| <b>Retiring in 20 years:</b>                                           |                        |                        |
| Males                                                                  | 21.9                   | 21.8                   |
| Females                                                                | 24.9                   | 24.9                   |
| <b>The assets in the scheme are valued at fair value and comprise:</b> | <b>2022<br/>£'000</b>  | <b>2021<br/>£'000</b>  |
| Equities                                                               | 10,711                 | 12,641                 |
| Government bonds                                                       | 1,915                  | 2,150                  |
| Corporate bonds                                                        | 2,100                  | 2,161                  |
| Property                                                               | 1,355                  | 1,127                  |
| Other                                                                  | 68                     | -                      |
| Cash                                                                   | 92                     | 34                     |
|                                                                        | <b>16,241</b>          | <b>18,113</b>          |

**Analysis of amounts shown in the balance sheet**

|                                                        | <b>2022<br/>£'000</b> | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> | <b>2019<br/>£'000</b> | <b>2018<br/>£'000</b> |
|--------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Estimated share of assets                              | 16,241                | 18,113                | 14,373                | 13,022                | 12,042                |
| Present value of scheme liabilities                    | (18,771)              | (26,982)              | (22,936)              | (20,418)              | (17,696)              |
| <b>Deficit in the scheme – net pension liabilities</b> | <b>(2,530)</b>        | <b>(8,869)</b>        | <b>(8,563)</b>        | <b>(7,396)</b>        | <b>(5,654)</b>        |

**Analysis of the amount charged to staff costs within the operating surplus**

|                      | <b>2022<br/>£'000</b> | <b>2021<br/>£'000</b> |
|----------------------|-----------------------|-----------------------|
| Current service cost | 1,326                 | 1,072                 |
| Past service cost    | -                     | -                     |
|                      | <b>1,326</b>          | <b>1,072</b>          |

**Analysis of the amount charged to interest payable and similar charges**

|                                        | <b>2022<br/>£'000</b> | <b>2021<br/>£'000</b> |
|----------------------------------------|-----------------------|-----------------------|
| Interest income on assets              | (299)                 | (209)                 |
| Interest on pension scheme liabilities | 445                   | 328                   |
| <b>Net charge</b>                      | <b>146</b>            | <b>119</b>            |

**Notes to the financial statements for the year ended 31 July 2022 (continued)**

**Analysis of amount recognised in other comprehensive income**

|                                                                           | <b>2022<br/>£'000</b> | <b>2021<br/>£'000</b> |
|---------------------------------------------------------------------------|-----------------------|-----------------------|
| Actuarial gain on assets                                                  | (2,217)               | 3,405                 |
| Changes in assumptions underlying the present value of scheme liabilities | 7,752                 | 749                   |
| Experience loss on liabilities                                            | 1,917                 | (3,614)               |
| Actuarial gain/(loss) recognised in other comprehensive income            | 7,452                 | 540                   |

**Movement in deficit during the year**

|                       | <b>2022<br/>£'000</b> | <b>2021<br/>£'000</b> |
|-----------------------|-----------------------|-----------------------|
| 1 August              | (8,869)               | (8,563)               |
| Current service cost  | (1,325)               | (1,072)               |
| Contributions         | 369                   | 355                   |
| Admin                 | (11)                  | (11)                  |
| Past service costs    | -                     | -                     |
| Other finance charge  | (146)                 | (119)                 |
| Actuarial (loss)/gain | 7,452                 | 540                   |
| 31 July               | (2,530)               | (8,870)               |

**Analysis of the movement in the present value of scheme liabilities**

|                                      | <b>2022<br/>£'000</b> | <b>2021<br/>£'000</b> |
|--------------------------------------|-----------------------|-----------------------|
| Opening present value of liabilities | 26,982                | 22,935                |
| Current service cost                 | 1,325                 | 1,072                 |
| Past service cost                    | -                     | -                     |
| Interest cost                        | 445                   | 328                   |
| Contributions by participants        | 144                   | 138                   |
| Actuarial loss on liabilities        | (9,670)               | 2,865                 |
| Net benefits paid                    | (455)                 | (356)                 |
| Closing present value of liabilities | 18,771                | 26,982                |

**Analysis of the movement in the market value of scheme assets**

|                                   | <b>2022<br/>£'000</b> | <b>2021<br/>£'000</b> |
|-----------------------------------|-----------------------|-----------------------|
| Opening fair value of assets      | 18,112                | 14,373                |
| Interest income on assets         | 299                   | 209                   |
| Actuarial gain on assets          | (2,217)               | 3,404                 |
| Contributions by the Employer     | 369                   | 355                   |
| Contributions by the participants | 144                   | 138                   |
| Net benefits paid out             | (455)                 | (356)                 |
| Administration expenses           | (11)                  | (11)                  |
| Closing fair value of assets      | 16,241                | 18,112                |

**Notes to the financial statements for the year ended 31 July 2022 (continued)**

**History of experience gains and losses**

|                                                                           | <b>2022<br/>£'000</b> | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> | <b>2019<br/>£'000</b> | <b>2018<br/>£'000</b> |
|---------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Actuarial gain on assets                                                  | (2,217)               | 3,405                 | 919                   | 560                   | 860                   |
| Changes in assumptions underlying the present value of scheme liabilities | 7,752                 | 749                   | (298)                 | (1,716)               | 440                   |
| Experience (losses)/gains on liabilities                                  | 1,917                 | (3,614)               | (1,213)               | (8)                   | (43)                  |
| Total amount recognised in the other comprehensive income                 | 7,452                 | 540                   | (592)                 | (1,164)               | 1,257                 |

**17. 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 are obtainable from the following address:

University of South Wales  
Pontypridd  
Rhondda Cynon Taff.  
CF37 1DL

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# Accounts

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**Y Coleg  
Menthur Tudful  
The College  
Menthur Tydfil**



**Annual Report and Financial  
Statements for the year ended  
31<sup>st</sup> July 2021**

**Menthur Tydfil College Limited  
Coleg Menthur Tudful Cyfyngedig**

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## **Directors' report (incorporating the Strategic report) for the year ended 31 July 2021**

The directors present their report and the audited financial statements of The College Merthyr Tydfil (known as 'the Company' or 'the College') for the year ended 31 July 2021. The financial statements 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 the Accounts Direction for Further Education Colleges in Wales 2020/21.

### **Principal activities**

The College is a wholly owned subsidiary of the University of South Wales (USW) and the principal activities are the provision of further education, higher education, work based learning, professional training, consultancy and the delivery of Government initiatives to industry.

### **Strategic Report**

#### **Business review and future developments**

During the year, the Board reviewed the five-year strategic plan which articulates how the College will develop. The College's strategic priorities are:

- To provide an outstanding learning experience by placing our learners at the heart of everything we do.
- To offer an innovative and responsive curriculum that supports all learners to progress on to their chosen career pathway.
- To provide a safe, supportive and inclusive college environment for all learners and staff
- To work collaboratively across our region to deliver inspiring and effective skills and training programmes that promote lifelong learning, support economic growth and meet stakeholder needs.
- To provide effective Financial, HR and Estates strategies to maximise sustainability and resilience, supporting future investment in the college as a first class learning and working environment for all.

#### **Curriculum developments**

The college works in partnership with local schools, the local authority, employers and the South East Wales Regional Partnership to offer an innovative, distinctive, high quality curriculum that raises aspirations and transforms lives, providing industry relevant, employer focussed courses and qualifications with appropriate progression pathways for learners of all abilities and ages to succeed and progress on to higher level learning, apprenticeships or employment.

The college's Curriculum Portfolio Group provides an effective platform for employers and local community representatives to feed into curriculum development and delivery. This feedback, together with the use of detailed EMSI labour market intelligence data, has enabled the college to bring together and triangulate local school planning data, also responding to industry and economic need. This has resulted in the successful introduction of new industry relevant courses in Games Design, E-Sports and Electrical Installation together with a new lower-level Vocational pathways course to bridge gaps in provision and extend the choices available to learners.

#### **Partnerships**

The college has fantastic partnership links with local schools, with 86% of the year 11 pupils progressing to the college in September 2021. This is further enhanced through a comprehensive school transition programme, including taster days, open evenings, Have A Go Events, attendance at year 11 assemblies and parents evenings and school based subject talks. During 2020-2021, this transition programme continued through a series of on-line events, live presentations and talks and live question and answer sessions.

During 2020-2021, the college has continued to build upon its excellent relationships with local employers, engaging with over 93 employers and progression partners across the year to drive forward college provision, on-line work experience placements and volunteering opportunities, employability advice and guidance, employer engagement projects, provision of part-time training and development through our part-time funding and PLA route, careers talks and virtual careers fairs, progression and taster events. Key employers engaged with include, E-Sports Wales, Golf Wales, Panasonic, Newport Water Fab, Concrete Canvas, Tenneco, Philtronics, Creative Wales, Cardiff Theatrical Company, Barclays, Cwm Taf Health Board, Valleys Construction, Active Merthyr and many more.

**Directors' report (incorporating the Strategic report) for the year ended 31 July 2021**

**Learner Voice**

The college conducts annual first experience and learner voice surveys, which seek views on teaching and learning quality, student experience, assessment and feedback, learner support, learner voice and other key quality indicators. Higher Education learners also take part in the annual National Student Survey.

Outcomes of our 2020/2021 surveys indicate that 86% of further education learners and 79% of HE learners were satisfied with their experience at college.

Feedback from the surveys is used alongside the outcomes of learner focus groups to improve and develop college courses, learner support, enrichment and general college life to enhance the student experience. Feedback is discussed with the learners themselves and staff with resultant actions communicated back to learners through a variety of mechanisms, including You Said, We Did campaigns.

**Results**

The company's surplus for the year ended 31 July 2021 was £992k (2020: £294k).

The College's cash and liquidity positions remained strong throughout the year, with year-end cash balances exceeding target with a healthy current ratio (current assets to current liabilities).

**Going Concern**

The College has net liabilities which include a substantial long term pension deficit (see note 16 to the financial statements). In assessing whether the going concern basis is appropriate the Directors have considered the College's expected future cash flows and are satisfied that the College has adequate resources to continue in operational existence for a minimum of 12 months from the date of the signing of the financial statements. The College's assessment has included forecasts and stress testing in response to the Coronavirus pandemic which have indicated that the College has capacity to absorb the short and medium term financial impact caused by the outbreak. In conjunction with the management at the University of South Wales, the Directors will continue to assess the options available to manage the pension deficit in order to ensure the College's long term sustainability.

**Key Performance Indicators**

The following five key performance indicators (KPIs) are relevant when assessing performance for the year:

- i) Surplus - **£992k** (2020: £294k)
- ii) Year-end cash position - £5,609k (2020: £5,460k)
- iii) Current ratio - 2.21 (2020: 2.20)
- iv) Learner Voice - 86% overall FE satisfaction for 2020/2021, 79% overall HE satisfaction for 2020/21
- v) Learner Outcomes - 97% A level success rate, vocational success rates for 2020-2021 are not yet available

Student numbers: For the academic year 2020/21 the college had 2,429 (2019/20: 2,656) Further Education students 1,807 on full-time courses and 622 on part-time courses, (2019/20 1,758 FT, 898 PT), 276 Higher Education students 214 full-time and 629 part-time, (2019/20 246 FT, 92 PT). Some of these numbers, particularly on part time/higher education provision, have been adversely affected due to the impact of the pandemic.

**Directors' report (incorporating Strategic report) for the year ended 31 July 2021 (continued)**

Quality: Student performance in 2020-21 was very good at all levels. The results were testament to the hard work and dedication of the learners and teaching staff and also the parents and staff who have supported the students throughout the past two very disrupted years. The college has established protocols and procedures to enable rigorous monitoring and support for learners to achieve their qualifications as the college reverts back to more 'normal' assessment procedures.

Health & Safety: The most recent audit conducted by the University demonstrated a comprehensive approach to the management of Health and Safety. The College has an action plan to address any shortcomings identified in audit reports.

**Subsidiary Company**

On the 1<sup>st</sup> August 2018 the College acquired Tydfil Training Company Limited, a charitable company engaged primarily in the provision of work based learning training. Tydfil Training Company's turnover for the year ended July 31 2020 was some £1,383k (2019: £1,431k.) For reporting purposes these are consolidated at group level. Since acquisition the College and Tydfil Training Company management teams have been working together to maximise the benefits available to both parties. By combining our resources and skills, it will give the new body the greatest potential to maximise the offer from the newly commissioned "Job Support Wales" contract.

**Principal risks and uncertainties**

Outlined below are the principal risks facing the College. Not all the factors are wholly within the College's control. Other factors besides those listed below may also adversely affect the College.

**Government funding**

The College relies considerably on continued government funding. In 2021 90% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College mitigates the risk by:

- Ensuring that it continues to explore opportunities to diversify income
- Delivering a curriculum that it responsive to the needs of the local community whilst also supporting Regional priority sectors and future skills needs
- Maintaining a key focus on its quality profile to maintain and enhance its excellent reputation and be the college of choice for learners, parents and employers alike.
- Maintaining and continuing to build partnerships with schools, employers and the business community
- Being responsive to any funding intelligence in a timely manner

**Financial Sustainability**

The College will continue to explore alternative sources of income both in collaboration with partners and in its own right. This risk is mitigated in a number of ways:

- Funding is derived through a number of direct contractual arrangements;
- Expansion of higher education under HEFCE's widening access agenda,
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies; and
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.

The impact of the coronavirus pandemic has created uncertainty and disruption to both the economy and education. This has resulted in a number of financial and operational challenges. The College has ensured that a safe learning environment is provided for all staff and learners in accordance with Welsh Government guidance for safe operation, whilst ensuring the financial impact is considered in the short, medium and long term.

**Directors' report (incorporating Strategic report) for the year ended 31 July 2021**  
**(continued)**

**Risk management**

The College is committed to exhibiting best practice in all areas of risk management and corporate governance, fully adhering to the principles set out in the Governance Code of Practice and General Principles.

The College's Board of Directors is responsible for the 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 can only provide reasonable and not absolute assurance against material misstatement or loss.

The College maintains a risk register which considers business, operational, compliance and financial risks. The register is regularly reviewed by senior management, and the College's risk management process is consolidated into the University of South Wales (parent entity) whose internal control guidance adheres to the combined code as amended by the British Universities Finance Directors Group.

The Board of Directors met four times during the reporting period. 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. 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 2021-22.

As part of the University of South Wales group financial risk management and internal control framework, as highlighted in the financial statements of the University of South Wales, the College has undertaken work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the College Executive (the senior management team) undertakes a comprehensive review of the risks to which the College is exposed. The College Executive identify systems and procedures, including specific preventative actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review effectiveness and progress against risk mitigation actions. In addition to the annual review, the College Executive will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College which is reviewed four times a year by the Board of Directors. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The College as part of the University of South Wales Group, 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.

This has been in place for the year ended 31 July 2021 and in place up to the date of approval of the Financial Statements.

**Energy Reporting and Efficiency**

The College is working towards reporting in accordance with the HM Government Environmental Reporting guidelines. This is being development with support from Wales Energy Service. This report will include information such as UK Greenhouse gas emissions and energy use for the reporting period, with the prior year included for comparison purposes.

The college has a commitment to maintaining an environmentally sustainable, supportive and technologically innovative institution. The building is partially heated by a biomass system with solar panels installed on the roof of the campus. The college has installed an electric vehicle charging point and has commenced a large scale project to upgrade the lighting system to LED.

## Directors' report (incorporating Strategic report) for the year ended 31 July 2021 (continued)

### Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance. This statement describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code 2018. Its purpose is to help the reader of the annual report and financial statements understand how the principles have been applied. The Boards of Directors of the College is responsible to the Board of the University which is the sole 'member' of the corporation. The committees of the Board of Governors of the University act as committees for the Boards of Directors of the College as appropriate.

### Summary of the College's Structure of Corporate Governance

The College's Board comprises of directors appointed in accordance with the Articles of Government. The roles of the Chair and Deputy Chair of the Board are separated from the role of the Principal (as Chief Executive). Those matters specifically reserved to the Board for decision are set out in the Articles of Government of the College. The Board holds to itself the responsibilities for the ongoing strategic direction of the College, the effective and efficient use of resources and the approval of major developments and receives regular reports from senior management. The Board meets four times a year and is represented at the University of South Wales Group Committees (Finance and Resources, Human Resources and Audit). In addition, a Nominations and Governance Committee makes recommendations to the Board on membership and Senior Staff Pay Committee on the remuneration of senior management.

The Finance and Resources Committee considers and advises the Board on long term financial strategies, recommends to the Board annual revenue and capital budgets and longer term forecasts, reviews and recommend to the Board on the annual financial statements and receives regular reports on financial performance and financial position and monitor these reports against budget. In addition the Finance & Resources Committee approves the Financial Regulations including any financial policies therein (formally at three-year intervals or when significant changes are made), monitors borrowing levels and requirements, liquidity and the investment of surplus funds in line with that Policy, and approves or recommends expenditure proposals, contracts and grant applications in line with the Financial Regulations.

In the opinion of the directors, the College complies with all of the provisions of the UK Corporate Governance Code 2018, in so far as they apply to the further and higher education sectors, and it has complied throughout the year ended 31 July 2021 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.

### Directors' indemnities

The company purchased and maintained throughout the financial year directors' and officers' liability insurance. This was also in force at the date of approval of the annual report and financial statements.

### Dividends

The company is limited by guarantee. The directors do not recommend the payment of a dividend in respect of the year ended 31 July 2021 (2020 – nil)

**Directors' report (incorporating Strategic report) for the year ended 31 July 2021 (continued)**

**Statement of regularity, propriety and compliance**

The Governing Body has considered its responsibility to notify the Welsh Government of material irregularity and non-compliance with the terms and conditions of funding under the financial memorandum and contracts in place between the College and Welsh Government. As part of our consideration we have had due regard to the requirements of the financial memorandum and contracts with the Welsh Government.

We confirm on behalf of the Governing Body, that after due enquiry, and to the best of our knowledge, we are able to identify and material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the college's financial memorandum and contracts with the Welsh Government, or any other public funder.

Signed

*Dr Thomas*

Accounting Officer

Date 29/11/21

Signed

*Clive Smith*

Chair of Governors

Date 30/11/21

**Directors and their interests**

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:

|                             |                                                             |                   |
|-----------------------------|-------------------------------------------------------------|-------------------|
| Mr C Sutton                 | Appointed 1 August 2019                                     | Chairperson       |
| Prof. J E Lydon             | Appointed 6 April 2010/Resigned 31 August 2021 (ex officio) |                   |
| Dr Ben Calvert              | Appointed 1 September 2021                                  |                   |
| Mr G Morgan*                | Appointed 19 March 2013                                     |                   |
| Mrs K Burns                 | Appointed 7 May 2014                                        |                   |
| Mr Simon Argent             | Appointed 10 May 2021                                       |                   |
| Mrs Lisa Thomas             | Appointed 21 September 2018 (ex officio)                    |                   |
| Miss Hollie Morgan          | Appointed 11 January 2021                                   |                   |
| Mr K Hamblin                | Appointed 1 August 2019                                     |                   |
| Dr Gwawr Taylor (nee Jones) | Appointed 17 October 2018                                   | Company Secretary |

\*non-executive directors

No payments have been made to or on behalf of the above with the exception of Mrs Lisa Thomas (Principal / Chief Executive / Accounting Officer) whose remuneration is disclosed in Note 4.

**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.

**Directors' report (incorporating Strategic report) for the year ended 31 July 2021 (continued)**

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. The company is a member of the University of South Wales Equalities Forum, and its sub-groups. Communication with all employees is undertaken through termly staff meetings, and e-mails as required.

**Provision 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 director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he/she has taken all the steps that ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**By order of the board**



**Company secretary**  
Dr Gwawr Taylor

**Registered Office**

Merthyr Tydfil College  
Ynysfach  
Merthyr Tydfil  
CF48 1A

## **Statement of responsibilities of the Board of Directors**

The Board of Directors are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum between the Welsh Government and the Board of Directors of the College, the Board, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, the Accounts Direction for Further Education Colleges in Wales and the UK's Generally Accepted Accounting Principles, and which give a true and fair view of the state of affairs of the College and its surplus/deficit of income over expenditure for that period.

In preparing the financial statements, the Board is required to:

- select suitable accounting policies and apply them consistently
- make judgements 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
- Assess whether the college is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation

The Board is also required to prepare a strategic report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors of the Board are responsible for ensuring that expenditure and income are applied for the purposes intended by the Welsh Government and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the Welsh Government are used only in accordance with the Financial Memorandum with the Welsh Government and any other conditions that may be prescribed from time to time. Directors must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, Board directors are responsible for securing economical, efficient and effective management of the College's resources and expenditure so that the benefits that should be derived from the application of public funds from the Welsh Government are not put at risk.

We confirm that no instances of material irregularity, impropriety or funding non-compliance has been discovered to date. If any instances are identified after the dates of this statement, these will be notified to the Welsh Government

Approved by order of the Board of Directors on 30 November 2021 and signed on its behalf by:

*Alan Sutton*

Mr C Sutton

**Public Benefit Statement for the year ended 31 July 2021**

Merthyr Tydfil College Limited is a registered charity. The registered address is Merthyr Tydfil College, (University of South Wales), Treforest, Pontypridd, CF37 1DL and the registered number is 1140289. The members of the Board are directors for the purposes of the Companies Act 2006 and also 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.

**Charitable Objectives**

The College promotes the advancement of education and learning for the public benefit. It also provides, maintains and improves performance facilities for the benefit of the local community.

The College is well aware of its public benefit responsibility and, therefore, ensures this is embedded in all of its operations to offer fully inclusive services.

**Fulfilment of the charitable objectives**

*Beneficiaries*

The College has a student population of approximately 3,450 learners through different modes of study, 2,700 full time and 750 part time. The primary beneficiaries are students of the College directly engaged in high-quality training in a range of disciplines. However, beneficiaries extend to pre-College students (from the age of fourteen upwards) in addition to local employers and businesses.

*Admissions policy*

The College operates a flexible admissions policy and provides for individual needs in the design of learning programmes. For some programmes there are specific entry requirements which are reviewed annually and published in the College prospectus.

*Bursaries/scholarships*

Students enrolled at the College are entitled to apply for various support and funding in the same way as anyone studying in further or higher education in Wales. These are funded by the College.

Students studying further education courses at the College are eligible to apply for various means of support. The Education Maintenance Allowance is available to students aged 16 to 19 years with the Assembly Learning Grant available to students aged 19+. The Bursary grant is an alternative means of support which is funded through the Colleges' Access funds.

In addition to the above the College also administers other initiatives that students can access. Subsidised childcare facilities, free meals and transport allowances are available along with financial support for educational visits and study aids.

Higher education students have access to alternative methods of support. The Assembly Learning Grant or the Higher Education Fee Waiver can be applied for depending on individual circumstances. There are also funds available for HE students in financial hardship. The College provides student support and guidance on the application process.

*Widening Participation*

The College provides a wide range of programmes for learners from the age of 14 years. Many learners are able to access grant support as a means of tackling social exclusion. In terms of community provision, the College offers a wide range of accredited programmes that are delivered through partnership working with the local county borough council. Likewise, many family learning programmes are offered in community venues on an annual basis.

*Community Engagement*

The College offers other facilities which are accessible to students, staff and members of the community. A large sports hall is available for hire along with various sporting equipment. The College facilities are charged at subsidised rates to ensure their accessibility to all.

**Public Benefit Statement for the year ended 31 July 2021 (continued)**

*Equality*

College staff are an equally diverse body of people with different perspectives, values and attitudes. The College seeks to promote an inclusive environment where such differences are shared and valued, and where any unfair treatment or discrimination is challenged and eliminated.

The University of South Wales Group Strategic Equality Plan 2020-24 sets out our response to the requirements of the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011. This plan presents a clear commitment to not only comply with equality legislation, but also to ensure that all those who work or study at the College are treated with respect and that diverse needs are taken into consideration and responded to. This commitment to equality and diversity is even more important during this current climate of economic uncertainty and substantial change to the education sector. This is a time when it is essential to ensure that steps to ensure equality of opportunity in education and work are put in place and actions are prioritised where they are most needed.

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 has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MERTHYR TYDFIL COLLEGE

## Opinion

We have audited the financial statements of Merthyr Tydfil College Limited ("the College") for the year ended 31 July 2021 which comprise the Income and Expenditure Account, Statement of Changes in Reserves, Balance Sheet, Cashflow Statement and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2021 and of its surplus 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 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").

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.

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 College'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 College 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 directors and the Audit Committee as to the College'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 of Directors and Audit Committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MERTHYR TYDFIL COLLEGE (continued)**

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 we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from tuition fee and education contract income and other funding grants is recorded in the wrong period and the risk that 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 College-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included revenue journal made to unrelated accounts and unusual journal entries in relation to cash and borrowings.
- Inspecting cash receipts in the period prior to and following 31 July 2021 to verify tuition fee and other operating income had been recognised in the correct accounting period.

***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 management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

As the College is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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 College is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, pensions legislation, taxation legislation and specific disclosures required by further education related legislation, including the Accounts Direction for Further Education Colleges in Wales issued by Welsh Government 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 College 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 strategic report, directors' report, public benefit statement, the statement of governance and internal control and the statement of regulatory, propriety and compliance. 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MERTHYR TYDFIL COLLEGE (continued)

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, directors' report, public benefit statement, the statement of governance and internal control and, statement of regularity, propriety and compliance for the financial year is consistent with the financial statements; and
- in our opinion the strategic report and directors' report have 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 [X], 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 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 College 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](http://www.frc.org.uk/auditorsresponsibilities).

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

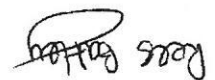
We are required to report on the following matters under the Further Education Audit Code of Practice 2015 (effective 1 August 2014) issued by the Welsh Government under the Learning and Skills Act 2000.

In our opinion, in all material respects:

- monies expended out of Welsh Government grants and other funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation;
- income has been applied in accordance with the Financial Memorandum between the Welsh Government and further education institutions; and
- the financial statements meet the requirements of the Accounts Direction for Further Education Colleges in Wales 2020/21 issued by Welsh Government.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MERTHYR TYDFIL COLLEGE  
(continued)  
THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

This report is made solely to the College's member, 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 College's member 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 College and its member 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<sup>th</sup> November 2021

## Income and Expenditure account for the year ended 31 July 2021

Note  
2021

2020

£'000

£'000

## Income

|                                      |   |        |        |
|--------------------------------------|---|--------|--------|
| Funding body grants                  | 2 | 13,680 | 11,901 |
| Tuition fees and education contracts | 1 | 1,283  | 1,304  |
| Other income                         | 3 | 1,267  | 1,061  |
| Investment income                    |   | 15     | 35     |

## Total income

16,245

14,301

## Expenditure

|                                  |       |        |       |
|----------------------------------|-------|--------|-------|
| Staff costs                      | 4     | 10,305 | 9,804 |
| Other operating expenses         |       | 3,618  | 2,928 |
| Depreciation and Amortisation    | 8 + 9 | 1,242  | 1,117 |
| Interest and other finance costs | 6     | 119    | 162   |

## Total expenditure

15,284

14,011

## Gain on Disposal of Asset

30

4

## Surplus for the year

992

294

## Actuarial gain/(loss) in respect of pension schemes

16

540

(592)

## Total comprehensive income/(expense)

1,532

(298)

The accompanying notes on pages 21 to 35 are an integral part of the Financial Statements.

Statement of Changes in Reserves for the year ended 31 July 2021

|                                         | £'000   | £'000         | £'000 |
|-----------------------------------------|---------|---------------|-------|
| P&L and Pension                         | Other   | Total Reserve |       |
| Balance at 1 August 2020                | (2,946) | 2,168         | (778) |
| Surplus for the year                    | 992     | -             | 992   |
| Other comprehensive income              | 540     | -             | 540   |
| Total comprehensive income for the year | 1,532   | -             | 1,532 |
| Balance at 31 July 2021                 | (1,414) | 2,168         | 754   |

The company is limited by guarantee and comprises one member.

The accompanying notes on pages 21 to 35 are an integral part of the Financial Statements.

| 2021    | 2020    |                                                |
|---------|---------|------------------------------------------------|
| £'000   | £'000   |                                                |
| 83      | 70      | Intangible assets                              |
| 9       |         | Fixed assets                                   |
|         |         | <b>Non-current assets</b>                      |
| 10      | 15      | Stock                                          |
| 606     | 640     | Trade and other receivables                    |
| 5,841   | 2,359   | Investments                                    |
| 5,608   | 5,460   | Cash and cash equivalents                      |
| 12,065  | 8,474   |                                                |
| (5,470) | (3,850) | <b>Current assets</b>                          |
| 6,595   | 4,624   | <b>Net current assets</b>                      |
|         |         | <b>Current assets less current liabilities</b> |
| 34,837  | 32,908  |                                                |
|         |         | <b>Provisions</b>                              |
|         |         | Pension provisions                             |
| 13      |         |                                                |
| (9,576) | (9,290) |                                                |
| 754     | (778)   | <b>Total net assets/(liabilities)</b>          |
| 754     | (778)   | <b>Unrestricted Reserves</b>                   |
| 754     | (778)   | <b>Total Reserves</b>                          |

The accompanying notes on pages 14 to 31 are an integral part of the Financial Statements and were approved by the Board of Directors on 29<sup>th</sup> November 2021 and were signed on its behalf by:



Mr C Sutton  
Chair

## Cashflow Statement for the year ended 31 July 2021

| 2021                                                     | 2020  |
|----------------------------------------------------------|-------|
| £'000                                                    | £'000 |
| 292                                                      | 294   |
| 992                                                      |       |
| Surplus for the year                                     |       |
| Cash flow from operating activities-                     |       |
| Adjustment for non-cash items                            |       |
| Depreciation                                             | 1,094 |
| Amortisation of intangibles                              | 22    |
| Decrease in stock                                        | 32    |
| Decrease in debtors                                      | 5     |
| Increase in creditors                                    | (2)   |
| LGPS pension costs less contributions payable            | 1,083 |
| Investment income                                        | 706   |
| Profit on the sale of fixed assets                       | 585   |
| Capital grant income                                     | (35)  |
| Net cash inflow from operating activities                | 5     |
|                                                          | (777) |
| 3,623                                                    | (874) |
| Cash flows from investing activities                     |       |
| Transfers from cash to investments                       | (15)  |
| Proceeds from sale of fixed assets                       | (30)  |
| Capital grants receipts                                  | (35)  |
| Investment income                                        | 5     |
| Payments made to acquire fixed assets                    | 35    |
| Payments made to acquire intangible assets               | (577) |
| Net cash outflow from investing activities               | (653) |
| Cash and cash equivalents at beginning of the year       | 3,138 |
| 5,460                                                    |       |
| Analysis of Cash and cash equivalents at end of the year |       |
| Short term deposits                                      | 42    |
| Cash at bank and cash in hand                            | 5,567 |
| Total                                                    | 5,609 |
| 5,460                                                    | 8     |

The accompanying notes on pages 21 to 35 are an integral part of the Financial Statements

## **Accounting policies**

### **Basis of Preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with the Financial Reporting Standards (FRS 102). The College is a public benefit entity and therefore has applied the relevant public benefit requirement. The financial statements are in accordance with the historical cost convention.

The financial statements have been prepared adopting the going concern basis, assessing the College's expected future cash flows to ensure that the College has adequate resources to continue in operational existence for a minimum of 12 months from the date of the signing of the financial statements.

### **Going Concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The College has net liabilities which include a substantial long term pension deficit (see note 16 to the financial statements). In assessing whether the going concern basis is appropriate the Directors have considered the College's expected future cash flows and are satisfied that the College has adequate resources to continue in operational existence for a minimum of 12 months from the date of the signing of the financial statements. The College's assessment has included forecasts and stress testing in response to the Coronavirus pandemic which have indicated that the College has capacity to absorb the short and medium term financial impact of potential scenarios caused by the outbreak. In conjunction with the management at the University of South Wales, the Directors will continue to assess the options available to manage the pension deficit in order to ensure the College's long term sustainability. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

## **Recognition of income**

Funding body grants are accounted for in the year to which they relate.

Tuition fee income is stated gross and credited to the income and expenditure account over the period in which students are studying.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

## **Pension schemes**

Retirement benefits for employees of the Company are provided by the Teachers' Pensions Scheme Agency (TPS) and the Rhondda Cynon Taff Pension Fund (RCTPF), a Local Government Pension Scheme (LGPS). RCTPF is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme.

It is not possible to identify each institution's share of the underlying assets and 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 profit and loss account being equal to the contributions payable to the scheme for the period.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency

**Accounting policies (continued)**

to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating expenditure. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of comprehensive income.

**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.

**Employment Benefits**

Short term employment benefits 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.

**Operating Leases**

Rentals paid under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

**Foreign currency**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Surplus or Deficit.

**Intangible assets**

Intangible assets which comprise software are amortised over 4 years representing the estimated economic life of the asset. Each year the assets are reviewed for indicators of impairment and where identified full impairment review is carried out and reflected in the financial accounts.

**Tangible Fixed Assets**

Tangible fixed assets are recorded at purchase cost, including non-recoverable VAT, incidental costs of acquisition, less accumulated depreciation and accumulated impairment losses. Each year the assets are reviewed for indicators of impairment and where identified full impairment review is carried out and reflected in the financial accounts. 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.

The principal rates used for this purpose are:

- Buildings
- Fixtures and fittings
- Plant and machinery
- Land is not depreciated.
- up to 50 years straight line
- between 3-25 years straight line
- between 3-40 years straight line

**Accounting policies (continued)**

Assets under construction represent the cost of purchasing, constructing and installing tangible fixed assets ahead of their productive use. No depreciation is charged on assets under construction until they are transferred to the appropriate asset heading when they are brought into use.

**Land and buildings**

The freehold interest in land and buildings is included in the balance sheet at cost. Land and buildings acquired, buildings constructed or building refurbishments undertaken during the year, are included at cost less depreciation.

Finance costs directly attributable to the construction of fixed assets are capitalised as part of the cost of those assets.

**Assets Financed by Capital Grant or Donations**

Where fixed assets are acquired with the aid of specific grants and donations, they are capitalised and depreciated as above. The related grants or donations are credited to deferred capital grants and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

**Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of a change in value.

**Reserves**

The college is aware of the need to secure its viability beyond the immediate future. The college recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support its core activities and to invest for its future needs. The reserves which the college retains can be categorised as follows:

Capital Reserves – To provide funds to meet the current and future capital spend requirements.

Strategic Reserve – To meet the cost requirements of strategic initiatives as per the college strategic plan

It is the colleges intention to continue to increase reserves through the generation of annual operating surpluses

**Stock**

Stocks are valued at the lower of cost and net realisable value.

**Provisions**

Provisions are recognised in the financial statements when :

- (a) The College has a present obligation (legal or constructive) as a result of a past event;
- (b) It is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) A reliable estimate can be made of the amount of the obligation.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

**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 amounts 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.

**Accounting policies (continued)**

**Pension**

The College participates in two defined benefit pension schemes, the Teachers' Superannuation Scheme (TSS) and The Rhondda Cynon Taf County Borough Council Pension Fund (RCTPF). The assumptions made are detailed within Note 16. There have been two court cases that effect the LGPS defined benefit scheme. They relate to the guaranteed minimum pensions equalisation (GMPEs) and age discrimination (McCloud). The impact of these cases are still uncertain, but following actuarial advice, a provision has been included as part of the assumptions on Note 16.

## Notes to the financial statements for the year ended 31 July 2021

|    |                                                  |        |        |
|----|--------------------------------------------------|--------|--------|
| 1. | Tuition fees and education contracts             | 2021   | 2020   |
|    |                                                  | £'000  | £'000  |
|    | Full-time home and EU students                   | 1,154  | 1,133  |
|    | Part-time students                               | 129    | 171    |
|    |                                                  | 1,283  | 1,304  |
| 2. | Funding body grants                              | 2021   | 2020   |
|    |                                                  | £'000  | £'000  |
|    | Government Recurrent grant                       | 12,550 | 10,744 |
|    | Specific Government grants                       | 256    | 380    |
|    | Release of capital grants                        | 874    | 777    |
|    |                                                  | 13,680 | 11,901 |
| 3. | Other Income                                     | 2021   | 2020   |
|    |                                                  | £'000  | £'000  |
|    | European Projects                                | 558    | 376    |
|    | Nursery                                          | 357    | 380    |
|    | Miscellaneous                                    | 352    | 305    |
|    |                                                  | 1,267  | 1,061  |
| 4. | Staff costs                                      | 2021   | 2020   |
|    |                                                  | £'000  | £'000  |
|    | Salaries                                         | 7,389  | 7,216  |
|    | Social security costs                            | 709    | 688    |
|    | Other pension costs                              | 2,207  | 1,900  |
|    |                                                  | 10,305 | 9,804  |
|    | Emoluments of the Principal / Accounting Officer | 2021   | 2020   |
|    |                                                  | £'000  | £'000  |
|    | Salary                                           | 108    | 101    |
|    | Pensions                                         | 26     | 24     |
|    |                                                  | 134    | 125    |

Other than the Principal there are no other remunerated directors.

Notes to the financial statements for the year ended 31 July 2020 (continued)

Remuneration of the Principal expressed as:

|                                                                      | 2021 | 2020 |
|----------------------------------------------------------------------|------|------|
| Basic salary as a multiple of the median basic salary of all staff   | 4.75 | 4.63 |
| Total remuneration as a ratio of the total remuneration to all staff | 5.04 | 4.92 |
| (All full time and part time staff but excluding agency workers)     |      |      |

The College Board in agreeing the Principal's remuneration considers a range of information which includes benchmarking to other Welsh institutions, UK institutions, institutions of a comparable size and institutions with similar missions. The Board is also cognisant of wider institutional financial and academic performance, specifically annual reports of CPis. The Senior Staff Pay Committee is also informed by the Vice Chancellor or their appraisal of individual performance as it relates to institutional performance. The Principal is the highest paid member of staff.

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

|                     | 2021 | 2020 |
|---------------------|------|------|
| £65,000 - £69,999   | -    | 1    |
| £70,000 - £74,999   | 1    | -    |
| £75,000 - £79,999   | 1    | -    |
| £100,000 - £104,999 | -    | 1*   |
| £105,000 - £109,999 | 1    | -    |

Higher paid employees are the Principal, Vice Principal (Academic) and the Vice Principal (Resources). There were no higher paid staff falling below £65,000.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are all included in the above analysis. These comprise the Principal\*, Vice Principal Academic (£75,000-£79,999) and the Vice Principal Resources (£70,000-£74,999). Vice Principal salaries are on a fixed point and are reflective of their position and responsibilities.

Key management personnel compensation

|                       | 2021  | 2020  |
|-----------------------|-------|-------|
| £'000                 | £'000 | £'000 |
| Salary and NI         | 287   | 114   |
| Pension Contributions | 55    | 24    |
|                       | 342   | 138   |
| Atypical Staff        | 32    | 31    |
| Agency Staff          | 32    | 31    |

Retirement benefits are accruing to 94 employees under a defined benefit scheme. (Retirement benefits for 2020 were also accruing for 94 employees).

Notes to the financial statements for the year ended 31 July 2021 (continued)

The monthly average number of employees by headcount (including senior post-holders) by major category during the year was as follows:

|                         | 2021       | 2020       |
|-------------------------|------------|------------|
| Academic                | 172        | 183        |
| Management & specialist | 26         | 26         |
| Technical               | 6          | 5          |
| Other                   | 51         | 48         |
|                         | <b>255</b> | <b>262</b> |

The monthly average number of employees by FTE (including senior post-holders) by major category during the year was as follows:

|                         | 2021       | 2020       |
|-------------------------|------------|------------|
| Academic                | 145        | 156        |
| Management & specialist | 21         | 20         |
| Technical               | 5          | 4          |
| Other                   | 42         | 39         |
|                         | <b>213</b> | <b>219</b> |

5. Directors expenses and related party transactions

No expenses were paid to directors during the year 2021 (2020 – nil). No Director or other person related to the College had any personal interest in any contract or transaction entered into by the College during the year.

6. Interest and other finance costs

|                              | 2021         | 2020         |
|------------------------------|--------------|--------------|
| Net charge on pension scheme | 119          | 162          |
|                              | <b>£'000</b> | <b>£'000</b> |

## Notes to the financial statements for the year ended 31 July 2021 (continued)

## 7. Analysis of expenditure by activity

|                                                                  | 2021   | 2020   |
|------------------------------------------------------------------|--------|--------|
| Academic and related expenditure                                 | 7,945  | 7,751  |
| Administration and central services                              | 2,484  | 1,888  |
| Premises (including service concession costs)                    | 2,241  | 2,057  |
| Residences, catering and conferences                             | 140    | 83     |
| Other expenses                                                   | 2,474  | 2,232  |
|                                                                  | 15,284 | 14,011 |
| Other operating expenses included:                               |        |        |
| External auditor's remuneration in respect of audit services     | 21     | 20     |
| External auditor's remuneration in respect of non-audit services | 8      | 5      |
| Operating Lease rentals                                          |        |        |
| Land & Buildings                                                 | 112    | 110    |
| Other                                                            | 3      | 3      |

| 8. Intangible assets     | 2021  | 2020  |
|--------------------------|-------|-------|
| Software                 | £'000 | £'000 |
| Cost                     |       |       |
| Opening balance          | 220   | 171   |
| Additions in year        | 46    | 49    |
| Closing balance          | 266   | 220   |
| Accumulated Amortisation |       |       |
| Opening balance          | 150   | 127   |
| Additions in year        | 33    | 23    |
| Closing balance          | 183   | 150   |
| Net book value           | 83    | 70    |

## Notes to the financial statements for the year ended 31 July 2021 (continued)

## 9. Fixed assets

|                          | Freehold<br>Land and<br>Buildings | Fixtures<br>& Fittings<br>Equipment | Assets<br>under<br>Construction | Total  |
|--------------------------|-----------------------------------|-------------------------------------|---------------------------------|--------|
| Cost                     | £'000                             | £'000                               | £'000                           | £'000  |
| At 1 August 2020         | 31,319                            | 2,575                               | 22                              | 33,916 |
| Additions                | -                                 | 1,154                               | -                               | 1,154  |
| Transfers                | -                                 | 22                                  | (22)                            | -      |
| Disposals                | -                                 | (30)                                | -                               | (30)   |
| At 31 July 2021          | 31,319                            | 3,721                               | -                               | 35,040 |
| Accumulated depreciation |                                   |                                     |                                 |        |
| At 1 August 2020         | 4,577                             | 1,125                               | -                               | 5,702  |
| Charge for the year      | 593                               | 616                                 | -                               | 1,209  |
| Disposals                | -                                 | (30)                                | -                               | (30)   |
| At 31 July 2021          | 5,170                             | 1,711                               | -                               | 6,881  |
| Net book value           |                                   |                                     |                                 |        |
| At 31 July 2021          | 26,149                            | 2,010                               | -                               | 28,159 |
| At 31 July 2020          | 26,742                            | 1,472                               | -                               | 28,214 |

## 10. Trade and other receivables

|                                    |       |
|------------------------------------|-------|
| 2021                               | 2020  |
| £'000                              | £'000 |
| Trade receivables                  | 97    |
| Other receivables                  | 300   |
| Prepayments and accrued income     | 202   |
| Amounts owed by group undertakings | 7     |
| 606                                | 640   |

Amounts due from group undertakings are unsecured, free from interest and payable on demand.

## Notes to the financial statements for the year ended 31 July 2021 (continued)

| 11. Creditors: amounts falling due within one year |       |                                             |
|----------------------------------------------------|-------|---------------------------------------------|
| 2021                                               | 2020  |                                             |
| £'000                                              | £'000 |                                             |
| 84                                                 | 53    | Trade payables                              |
| 49                                                 | 389   | Amounts owed to group undertakings          |
| 935                                                | 756   | Deferred Government Capital Grant           |
| 513                                                | 500   | Social security and other taxation payables |
| 3,889                                              | 2,152 | Accruals and deferred income                |
| 5,470                                              | 3,850 |                                             |

Amounts due to group undertakings are unsecured, free from interest and payable on demand.

| 12. Creditors: amounts falling due after more than one year |        |                                   |
|-------------------------------------------------------------|--------|-----------------------------------|
| 2021                                                        | 2020   |                                   |
| £'000                                                       | £'000  |                                   |
| 24,507                                                      | 24,396 | Deferred Government Capital Grant |

## 13. Provisions

## Pension Provisions

| Cost             |                      |  |
|------------------|----------------------|--|
| At 1 August 2020 | At 31 July 2021      |  |
| Utilised in year | Additional provision |  |
| 727              | (21)                 |  |
| 8,563            | 356                  |  |
| 8,870            | (49)                 |  |
| 9,290            | 335                  |  |
| 9,576            | (49)                 |  |

1. Notes to the financial statements for the year ended 31 July 2020 (continued)

14. Lease obligations

Total rentals payable under operating leases:

|                                             | 2021                | 2020       |
|---------------------------------------------|---------------------|------------|
| Land and Buildings                          | Plant and Machinery | Total      |
| £'000                                       | £'000               | £'000      |
| Payable during the year                     | 112                 | 115        |
| Future minimum lease payments due:          |                     |            |
| Not later than 1 year                       | 112                 | 115        |
| Later than 1 year and not less than 5 years | 231                 | 238        |
| Later than 5 years                          | -                   | -          |
| <b>Total lease payments due</b>             | <b>343</b>          | <b>353</b> |

15. Related party transactions

The College is a wholly-owned subsidiary of the University of South Wales, and is included in the consolidated financial statements of the University of South Wales, which are publicly available from University of South Wales, Pontypridd, Rhonda Cynon Taf, CF329 1DL. The College is exempt under the terms of FRS 102 from disclosing related party transactions with entities that are part of the University of South Wales.

Due to the nature of the College's operations and the composition of the Board of Directors (being drawn from local public and private sector organisations), it is likely that transactions will take place with organisations in which a member of the Board of Directors may have an interest. All transactions involving organisations in which a member of the Board of Directors may have an interest are conducted in accordance with the College's financial regulations and normal procurement procedures.

Other than those disclosed elsewhere in the financial statements, no transactions were identified which would be disclosed under FRS102 Related Party Disclosures.

Notes to the financial statements for the year ended 31 July 2021 (continued)

16. Pensions

The Company participates in two pension schemes, the Rhondda Cynon Taf Pension Fund (RCTPF) for non-academic staff, and the Teachers' Pension Scheme (TPS) for academic staff. The assumptions made are detailed within this note. There have been two court cases that effect the LGS defined benefit scheme. They relate to the guaranteed minimum pensions equalisation (GMPS) and age discrimination (McCloud). The impact of these cases are still uncertain, but following actuarial advice, a provision has been included as part of the assumptions in this note.

Teachers' Pension Scheme

The Teachers' Pension Scheme is a contributory "sector-wide" scheme for academic staff administered by the Teachers' Pension Agency on behalf of the Department for Education and Skills. The scheme, which does not have a fund but instead operates on a 'pay-as-you-go' basis, is subject to actuarial valuation every five years for the purpose of determining the "sector-wide" contribution rates. The latest actuarial valuation of the scheme was as at 31 March 2016. The cost of pension increases is currently excluded from the valuation and neither employees nor employers contribute to this added value to the employee, which is met directly by the Exchequer. The contribution rate during the year was 23.68%. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the Income and Expenditure account of £1,010k, (2020: £1,001k) is equal to the contributions payable to the scheme for the year.

Rhondda Cynon Taf County Borough Council Pension Fund

Funding Valuation

This scheme provides benefits for non-academic staff based on final pensionable salary. The scheme is valued every three years as required under Regulation 77(1) of the Local Government Pension Scheme Regulations 1997 (SI 1997 No. 1612). The latest valuation was undertaken by independent consulting actuaries as at 31 March 2018. Under the definitions set out in FRS 102, the Local Government Pension Scheme is a multi employer defined benefit pension scheme. In the case of the LGS, the actuary of the scheme has identified the institution's share of its assets and liabilities as at 31 July 2021. 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 £2.2m increase to the defined benefit obligation at 31 July 2021.

The College employs a building block approach in determining the rate of return on Fund Assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund as at 31 July 2021.

FRS102

In accordance with the requirements of Financial Reporting Standard 102, the independent consulting actuaries updated the results of the March 2018 actuarial valuation in order to ascertain the valuation of the "sub-funds" in the scheme at 31 July 2021.

The principal assumptions used by the actuary in this respect were:-

|                                           | 2021 | 2020 | 2019 |
|-------------------------------------------|------|------|------|
| Discount rate / interest income on assets | 1.65 | 1.45 | 2.25 |
| General increases in pensionable salaries | 3.90 | 3.20 | 3.25 |
| CPI pension increases                     | 2.90 | 2.20 | 2.25 |

Notes to the financial statements for the year ended 31 July 2021 (continued)

The current mortality assumptions include an allowance for future improvements in mortality rates. Assumed life expectations on retirement today and at age 65 are:-

| Retiring Today:       | 2021   | 2020   |
|-----------------------|--------|--------|
|                       | Number | Number |
| Males                 | 21.3   | 21.0   |
| Females               | 23.7   | 23.5   |
| Retiring in 20 years: |        |        |
| Males                 | 21.8   | 21.8   |
| Females               | 24.9   | 24.4   |

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

|                  | 2021   | 2020   |
|------------------|--------|--------|
| Equities         | 12,641 | 9,745  |
| Government bonds | 2,150  | 1,466  |
| Corporate bonds  | 2,161  | 2,055  |
| Property         | 1,127  | 1,006  |
| Cash             | 34     | 101    |
|                  | 18,113 | 14,373 |

Analysis of amounts shown in the balance sheet

|                                                 | 2021     | 2020     |
|-------------------------------------------------|----------|----------|
| Estimated share of assets                       | 18,113   | 14,373   |
| Present value of scheme liabilities             | (26,982) | (22,936) |
| Deficit in the scheme – net pension liabilities | (8,869)  | (8,563)  |
|                                                 | (7,396)  | (5,654)  |
|                                                 | (6,367)  | (16,952) |

Analysis of the amount charged to staff costs within the operating surplus

|                      | 2021  | 2020 |
|----------------------|-------|------|
| Current service cost | 1,072 | 816  |
| Past service cost    | -     | -    |
|                      | 1,072 | 816  |

Analysis of the amount charged to interest payable and similar charges

|                                        | 2021  | 2020  |
|----------------------------------------|-------|-------|
| Interest income on assets              | (209) | (294) |
| Interest on pension scheme liabilities | 328   | 456   |

| Net charge                                                                    | 119     | 162     |
|-------------------------------------------------------------------------------|---------|---------|
| Notes to the financial statements for the year ended 31 July 2020 (continued) |         |         |
| Analysis of amount recognised in other comprehensive income                   |         |         |
|                                                                               | 2021    | 2020    |
| Actuarial gain on assets                                                      | 3,405   | 919     |
| Changes in assumptions underlying the present value of scheme liabilities     | 749     | (298)   |
| Experience loss on liabilities                                                | (3,614) | (1,213) |
| Actuarial gain/(loss) recognised in other comprehensive income                | 540     | (592)   |
| Movement in deficit during the year                                           |         |         |
|                                                                               | 2021    | 2020    |
| 1 August                                                                      | (8,563) | (7,396) |
| Current service cost                                                          | (1,072) | (816)   |
| Contributions                                                                 | 355     | 414     |
| Admin                                                                         | (11)    | (11)    |
| Past service costs                                                            | -       | -       |
| Other finance charge                                                          | (119)   | (162)   |
| Actuarial (loss)/gain                                                         | 540     | (592)   |
| 31 July                                                                       | (8,869) | (8,563) |
| liabilities                                                                   |         |         |
| Analysis of the movement in the present value of scheme                       |         |         |
|                                                                               | 2021    | 2020    |
| Opening present value of liabilities                                          | 22,935  | 20,418  |
| Current service cost                                                          | 1,072   | 816     |
| Past service cost                                                             | -       | -       |
| Interest cost                                                                 | 328     | 456     |
| Contributions by participants                                                 | 138     | 133     |
| Actuarial loss on liabilities                                                 | 2,865   | 1,511   |
| Net benefits paid                                                             | (356)   | (399)   |
| Closing present value of liabilities                                          | 26,982  | 22,935  |
| assets                                                                        |         |         |
| Analysis of the movement in the market value of scheme                        |         |         |
|                                                                               | 2021    | 2020    |
| Opening fair value of assets                                                  | 14,373  | 13,022  |
| Interest income on assets                                                     | 209     | 295     |
| Actuarial gain on assets                                                      | 3,404   | 919     |
| Contributions by the Employer                                                 | 355     | 414     |
| Contributions by the participants                                             | 138     | 133     |
| Net benefits paid out                                                         | (356)   | (399)   |
| Administration expenses                                                       | (11)    | (11)    |
| Closing fair value of assets                                                  | 18,112  | 14,373  |

Notes to the financial statements for the year ended 31 July 2021 (continued)

History of experience gains and losses

|                                                                           | 2021    | 2020    | 2019    | 2018    | 2017  |
|---------------------------------------------------------------------------|---------|---------|---------|---------|-------|
| Actuarial gain on assets                                                  | £'000   | £'000   | £'000   | £'000   | £'000 |
|                                                                           | 3,405   | 919     | 560     | 860     | 730   |
| Changes in assumptions underlying the present value of scheme liabilities | 749     | (298)   | (1,716) | 1,552   | (130) |
| Experience (losses)/gains on liabilities                                  | (3,614) | (1,213) | (8)     | (1,155) | (977) |
| Total amount recognised in the other comprehensive income                 | 540     | (592)   | (1,164) | 1,257   | (377) |

17. 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 are obtainable from the following address:

University of South Wales  
Pontypridd  
Rhonda Cynon Taff.  
CF37 1DL