

Royal Welsh College of Music and Drama Limited

Coleg Brenhinol Cerdd a Drama Cymru Cyfyngedig

**Financial Statements and Annual Review
Year ended 31 July 2022**

Registered Company number	06013744
Registered Charity number	1139282

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1. Reference and administrative details

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

Chairman
Mr J Derrick

Secretary
Mr W Callaway

Principal address and registered office

Castle Grounds
Cathays Park
Cardiff
CF10 3ER

Independent auditors

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

Internal: TIAA Ltd

Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

2. Chair's report for the year ending 31 July 2022

As the Chair of the Royal Welsh College of Music and Drama Limited - the National Conservatoire of Wales - it is my privilege to provide the Annual Report of the activities of the College for the last year, my fifth year as Chair.

2.1. Introduction

During this reporting year, whilst COVID-19 has continued to impact our operation, there have been some significant advancements made to strengthen our core business, develop the quality of our training, assist our students during a time of continued uncertainty and disruption, to extend our reach and impact and, through all of the above, to embody our vision to “to change lives, transform and connect communities through the arts”. Our commitment to inclusion and equality of opportunity continues to cut through all our activities, including student and staff recruitment, curriculum and pedagogies, creative programming and our work in and with communities. At the start of the year, we were delighted to welcome new cohorts of students into our Foundation Degree in Scenic Construction and our newly launched BA in Musical Theatre, vital new training for Wales. The Musical Theatre course had 521 applicants for just 16 places. The Foundation in Scenic Construction students were already exhibiting their work (sets built for our first season of shows) shortly after starting their studies and a number of these students were offered professional work after just six weeks.

These courses have been created, in response to industry need, enabling us to steadily grow our student community with students joining from across the world and achieve higher levels of sustainable income over the long term. Other degree courses have been reimaged and revalidated to ensure their relevance and appeal aligned with our strategic direction.

We have made strong progress against our Strategic Equality Plan and in our efforts to become more relevant, diverse, connected and engaged. Work on our creative programme has helped to increase accessibility and the diversity of visiting artists and audiences and is demonstrating the essential and exciting creative power of an increasingly diverse community. In December 2021 we welcomed the acclaimed playwright Roy Williams as Writer in Residence and his new commission: *Freedom (March on Selma)* premiered in NEW: 22. Errollyn Wallen took up the position of Artist in Residence, enjoying student performances of her works *Chrome and Mighty River*. Other particular highlights were visiting productions: *Shades of Blue* (Matsena brothers) and Errollyn's *The Paradis Files*.

In addition to launching a new, sector-leading bursary programme, our scholarship policy was reviewed and refreshed providing means-tested support for students with protected characteristics, with particular emphasis on ethnic diversity and disability, students in financial need and Welsh domiciled students. I am delighted to see the College showing such leadership in the cultural change of the conservatoire sector and the considerable investment made into increasing the accessibility of our training and the diversity of our student community and, through us, the creative industries.

We are grateful to the Arts Council of Wales for its support through the third round of the Cultural Recovery Fund which helped us to continue our public programme when regularly changing lockdown restrictions and guidelines meant audiences and, subsequently, opportunities to generate income, were limited. During the first Richard Burton Company season of the year, all three production runs were cut short due to multiple cases of COVID-19 but, by the end of the year, we were able to host

the World Harp Congress welcoming over 800 delegates from 37 countries around the world, preceding a packed summer of commercial venue hires.

This year we were granted the extraordinary opportunity to become the new custodians of the Old Library building in the centre of Cardiff. Not only has this provided us with the space we need to be able to introduce new courses and increase our student numbers and artistic output, but it also serves as an integrated expression of the direction of the College as we begin in-depth consultation on community engagement and build inclusion and public engagement into all of our activities. A new staff position - Communities Engagement Partner – will help to ensure that the new campus becomes a centre of excellence that has its surrounding community at the forefront of everything.

The College has also put itself through a rigorous quality assurance process with MusiQuE - an independent foundation responsible for international standards in higher education conservatoire training. It is the first time a UK institution has put itself forward for this level of review, across Music Drama and under-18 provision. The College was peer reviewed by a professional team from a range of European and wider international Conservatoires, looking in detail at every aspect of College life including: Vision, mission and context; Educational processes; Student profiles; Teaching staff; Facilities, Resources and support; Communication, Internal quality culture; Public interaction. The review concluded that we are a shining example of best practice. Below is a short excerpt:

“The review team considers the College’s commitment to collaboration - partnerships (regional, national and international) and optimising the multidisciplinary experience within the curriculum – as particularly impressive. This in turn will have positive effects on its regional, national and global status. Equally, the review team considers that the College’s commitment to the individual student experience, its commitment to serve under-represented groups and to promote equality diversity and inclusion is a highly valuable set of aims. This commitment was evident to the team in all its site visit meetings, institutional documents and dealings with the College.”

This year’s Chair’s Report tells the story of the College through the following main sections:

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

2.2. Key Facts about the College

Student Body

In 2021/22 the College had 810 students (2020/21: 807)

- 72% undergraduate and 28% postgraduate (2020/21: 74% and 26%)
- 82% from UK with 24% from Wales (2020/21: 75% and 20%)
- 13% from overseas countries outside the EU (2020/21: 10%)
- 5% from EU (2020/21: 6%)
- 41 different countries (2020/21: 56)
- 18% declared a disability (2020/21: 17%)
- 17% declared non-white ethnicity (2020/21: 17%)
- 12% declared Welsh speaker (2020/21: 12%)
- 95% retention rate (2020/21: 95%)
- 92% of graduating students achieved first-class or upper second-class awards (2020/21: 88%)

2.3. Vision, Strategy and Values

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



The College uses the following resources to achieve these aims:

- income from students (£9.7m), Higher Education Funding Council for Wales (£3.9m), philanthropy and fundraising (£1.7m) and other sources (£1.3m)
- world class performance facilities such as the Dora Stoutzker Hall and Richard Burton Theatre
- highly qualified, committed and talented staff
- strong systems and processes
- an ambitious and creative community with a keen sense of values and identity
- productive partnerships and collaborations with leading industry organisations such as WNO, National Theatre and BBC.

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

2.4. Highlights of the Year

From the start of the year until its close, the College - like many other organisations - saw continuous adaptation and challenge through the shifting sands of COVID-19. From having no external audiences at the start of the year to a carefully managed, very limited number, to a full house by Summer 2022, students and colleagues worked with agility, diligence and exhaustive safety testing to protect productions and the essential professional training opportunities that they provide. Here are just a few of the highlights of the year.

Cardiff's much-loved Grade II listed Old Library building was looking for its purpose in Summer 2021, when the College presented its successful bid to Cardiff Council to breathe new life into the old stone through vibrant music and drama. The College has started to reimagine the space, aiming to work with communities to take it back to its roots as a place for shared education. The promise to transform the city centre space into a beating heart of culture and creativity over the next few years, to nurture the most diverse range of talents and combine innovation with Wales' heritage inspired not only Cardiff Council – who gave the proposal its full backing - but also partner organisations and the whole of our community. A June puppetry performance *Now & Then* wittily telling a colourful story of Cardiff was the Old Library's first public show and swiftly sold out.

Notable successes include graduate of 2020 Callum Scott Howells who was nominated for a Bafta and won Best Actor at the RTS Awards for his role as Colin in Russell T Davies' *It's A Sin*. Designer – and Olivier Award nominee – Gabriella Slade - won a prestigious Tony Award for her sensational designs for the smash hit musical *Six*. The Cory Band, our brass band in residence, was again crowned European Brass Band champion for 2022.

Graduates of the College secured 6 of the 12 coveted places for the Linbury Prize for Stage Design – the design world's most prestigious award for emerging talent. Half of all finalists over the last four Linbury Prize years have been our students.

Music students reached almost 2,000 participants across Wales through interactive community engagement sessions, involving 70 schools and community venues and spanning music from opera to jazz.

The College continued to roll out its Strategic Equality and Anti-Racism plans introduced in 2020/21. The Strategic Equality Plan aimed high and we have made good progress but there is much more to do ahead. We acknowledge the challenge and continue to embrace it through meaningful action. We published an update earlier this year ([Update Report](#)) which explained some of the ways we have taken this work forward.

2.5. Student Experience

Across the academic portfolio, 119 of the 146 eligible students took part in the 2022 NSS (82%), compared with 80% in 2021; figures which continue to measure well against participation across Wales (circa 69% in 2022 and 2021). We welcome this willingness to engage and, in addition to the NSS, we will continue to engage directly with students in all year groups through our own *All Student Survey* and modular evaluation, and through student representation on committees, working and focus groups.

Within each under-graduate programme there is variance in overall satisfaction:

Course of study	2022 %	2021 %	Variance +/- %
BMUS	61	64	-3%
BA Acting	90	86	+4%
BA Design	100	100	n/a
BA Stage Management	73	53	+20%

Improvements have been clearly evidenced in some areas, notably BA Stage Management, following some targeted intervention in 2021/22 as part of our NSS Action Plan. It is also pleasing that BA Design for Performance maintained their 100% student satisfaction. Overall Satisfaction is 71% in 2022, a marginal improvement when compared to the outcome of 70% in 2021.

When comparing our results with Conservatoire UK members and other Drama schools, the College's overall satisfaction rating at 71% sits "mid table" with the highest (Guildhall) at 88% and the lowest (LAMDA) at 55%. The highest thematic marks are spread over many institutions while half of the lowest are centered on one institution (a sign of annual fluidity based on local issues). The lowest numerical outcome of the sector's top marks (>70%) can be found in 'Organization & Management' and 'Student Voice.' We will work with our sister institutions, through sector-wide forums, including the Conservatoires UK Learning and Teaching Committee, (chaired by the Principal of RWCMD), to show how we can collaborate to improve.

2.6. Forward Look

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

Our plan focuses on key priorities which include:

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

2.7. Conclusion

The College has again delivered a valuable student experience, an impressive volume of productions for audiences, completion of all academic programmes as planned as well as a number of critical business improvements. I would like to pay tribute to the dedicated staff of the College and offer my continued thanks to our President, HM King Charles III, to Lord Rowe-Beddoe of Kilgetty, our Chairman Laureate and all my fellow Trustees for their active and committed service.



John Derrick
Chair of Board of Governors
30 November 2022

3. Corporate structure, trustees and directors

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

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

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

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

John Derrick (Chair)

Professor Helena Gaunt (Principal - ex officio)

Dr Ben Calvert (Vice Chancellor - ex officio, from 1 September 2021)

Professor Julie Lydon (Vice Chancellor - ex officio, resigned 31 August 2021)

Rebecca Mercer (Student President, resigned 31 July 2022)

Lucy Hall (nominee of College Staff)

Jemma Terry (USW Board, resigned 31 July 2022)

Natasha Hale

Manon Bonner Antoniazzi

Aled Miles

Mario Ferelli

Roger Munnings (resigned 3 March 2022, reappointed 1 April 2022)

Natalie Roe (Student President, appointed 3 September 2022)

4. Trustees Report

This report includes the Strategic Report and the Directors' report required under the Companies Act 2006. The Directors confirm that the financial statements for the year ended 31 July 2022 have been prepared to comply with the Companies Act 2006 and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with applicable accounting standards.

4.1. Strategic report

Financial Review

Principal activities

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

Financial strategy

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

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

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

Key Performance Indicators	2021/22	2020/21	2019/20
Surplus/(deficit) before gains and losses - £000	(1,481)	(890)	34
Cash (including short term bonds) - £000	6,564	7,338	8,570
Net Assets - £000	13,975	7,353	7,832
Current ratio	1.9	2.7	2.4

Despite the challenges from the COVID-19 pandemic which has impacted the last two years the College has operated in line with budget in both years and the underlying financial position remains robust with healthy cash reserves and net assets to continue to operate effectively and in line with the College's Strategic plan.

Financial prospects

The College has seen just under 15% growth in new enrolment student numbers since September 2020 and underpinned by our recent and planned course portfolio redevelopment programme, expect to see this continue. This together with the robust recovery of commercial activities and strong prospect from development and fundraising means that we expect to continue to operate in line with the approved College's Strategic plan.

Financial Performance 2021/22

- Income has increased by 9% to £16,637k
- Total expenditure has increased by 12% to £18,118k
- Consequently, the loss of £890k has risen to a deficit of £1,481k in 2021/22
- Cash generated from operating activities increased from £728k to £2,067k
- Net assets increased from £7,354k to £13,975k

Income

There was a significant increase in tuition fees (8.9%), reflecting both additional headcount and inflationary increases in non-regulated fees. A higher level of funding from donations and endowments was received, while other income remained fairly static.

Expenditure

The expenditure increase is principally attributable to increase in payments and recharges in respect of staff costs which include increased pension provision, the Universities and Colleges Employers Association (UCEA) recommended pay award and the increase in Employer's national insurance contributions since April 2022 of 1.25%. An "appreciation payment" of £500 (pro rata according to full time equivalent employment status) for staff was also agreed at a total cost to the College of £100k.

Cash generated from operating activities

Net cash from operating activities increased from £728k last year to £2,067k this year. The increase of £1,339k was mainly attributable to a positive movement in working capital (creditors), more than offsetting the £588k increase in the current year's operating deficit.

Other significant movements in the year included payments to acquire fixed assets (as part of capital expenditure plan) of £1,378k. There were repayment of loans to the Higher Education Funding Council for Wales of £958k and Barclays Bank plc (including interest) of £496k.

Pensions

Significant movements in the value of the corporate bonds have materially increased the discounted value of our share of the deficit on the Rhondda Cynon Taff Pension Fund mainly that our provision, on an FRS102 basis has decreased from £9,725k to £2,709k.

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

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

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

Our students

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

Employees, employee involvement and Disabled Employees

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

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

Communication with all employees is undertaken through termly staff meetings and regular e-mails. In 2022/23 we plan to introduce further engagement with the introduction of staff surveys and follow these up with face to face sessions.

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

Regulators

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

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

Suppliers

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

Communities and environment

We play an active role in our communities, and we've outlined some of the highlights of the past year in section 6 of this report.

We recognise the global climate emergency and have joined the many organisations around the world calling for urgent action to tackle climate change. Specifically, we have pledged to get to carbon net zero by 2040 – sooner if we can – and in the coming year we will share a comprehensive carbon

roadmap for the College to explain the action we are taking to meet this pledge. We have also joined forces with the Race to Zero, underlining our commitment to a healthy and resilient zero carbon recovery.

4.3. Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the year to 31 July 2022:

	2021/22	2020/21
Energy consumption used to calculate emissions (kWh)	2,591,291	2,262,000
Scope 1: emissions in metric tonnes CO2e		
Gas consumption	262	268
Own transport	8	7
Scope 2: emissions in metric tonnes CO2e		
Purchased electricity	219	232
Scope 3: emissions in metric tonnes CO2e		
Own transport	16	14
Business travel in employee owned vehicles	24	22
Total gross emissions - Metric tonnes CO2e	529	543
Intensity ratio – tonnes CO2e per student	0.65	0.67

Qualification and reporting methodology

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

Intensity measurement

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

Measures taken to improve energy efficiency

Since 2018, all of the College's electricity has been sourced from green renewable sources and more than 75% of the conventional lighting installations have been replaced with LED. In 2021 the College commenced the replacement of the fleet's diesel fuel vehicles with hybrid versions. In Autumn 2022 the College is undertaking the installation of a 198Kw solar panel array on the roof of its North Road campus, it is expected that this will generate the majority of the base load of electricity across this campus.

4.4. Principal risks and uncertainties

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

Recruitment and retention of students

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

Fundraising

Support from Trusts and Foundations, public funders, businesses and individuals continues to be essential to offering students new training and performance opportunities and ensuring the most talented young artists are able to afford the cost of training. At the start of this year, a new fundraising campaign, *Promise*, was launched to increase income from the private sector to support critical investment plans. At this halfway point, we anticipate that the original goal – to raise £5 million across two academic years – will be met. The ambition of the campaign, and the strategy behind it, inspired the Mosawi Foundation to donate the first lead gift to Promise, representing the largest single philanthropic gift received in the College's history.

Income generation

Income from commercial activities has increased steadily since the cautious reintroduction of activities from September 2021 onwards. The response of our regular, loyal commercial customers and audiences was positive and gave the Trustees confidence that physical attendances and hence income were showing signs of steady and sustained recovery (on the basis that COVID-19 restrictions wouldn't return). Further confidence has now been regained with a strong, near capacity schedule during the 2022 summer months, in particular on the facility hire and events where focus is now on driving those commercial income streams back towards the pre pandemic levels.

4.5. Directors Report

Directors

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

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 July 2022 (2021 – nil).

Going concern

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

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

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

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

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

4.8. Statement of Corporate Governance and Internal Control

Commitment to Best Practice in Governance

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

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

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

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

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

- A focus on the active management of risk as an integral part of the management process within every part of the organisation.
- Clearly identifying risks of various kinds to the achievement of its objectives. These risks may be strategic or operational and may present potential implications for the College's reputation, its financial position or its day-to-day operations or any combination thereof.

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

The Board is of the view that there is an ongoing process for identifying, evaluating and managing the College's significant risks, that it has been in place for the year ended 31 July 2022 and in place up to the date of approval of the Financial Statements and Annual Review, that it is regularly reviewed by the Board and that it accords with the internal control guidance for directors on the UK Corporate Governance Code as amended by the British Universities Finance Directors Group.

Board of Directors and its sub committees

The Board of Directors met four times during the reporting year. In terms of audit arrangements, whilst a separate College Audit Committee has not been established, all audit reports and reviews and other information relating to the Company are formally received by the University of South Wales' Audit Committee which meets four times per year and acts as the College Board's Audit Committee. The 2021/22 annual report of the internal auditors was considered by both the University's Audit Committee and the College's Board of Directors, who also approved the internal audit plan for 2021/22.

4.9. Statement of disclosure of information to auditors

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

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

4.10. Directors' indemnities

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

4.11. Independent Auditors

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

By order of the board



W D Callaway
Company Secretary

30 November 2022

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

The directors are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income and expenditure for that period. In preparing these financial statements, the directors are required to:

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

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

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

6. Objectives and activities for the public benefit

6.1. Charitable Objectives

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

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

6.2. Fulfilment of Charitable Objectives

Beneficiaries:

The College has a higher education student population of 810 students of whom 82% are Home/EU and 18% from Overseas. Those students are the primary beneficiaries receiving high-quality training in a range of performing arts disciplines. Other beneficiaries extend to younger students (from the age of four upwards) as well as employers and businesses in the creative industries sector which employ a high proportion of the College's graduates. The general public attend over 500 public performances a year including free concerts and other educational and cultural activities in the College, such as exhibitions, masterclasses and talks.

Admissions policy:

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

6.3. Public Benefit Statement

Bursaries, scholarships and funding support:

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

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

Our bursary scheme (launched in September 2021) provides financial support to all incoming UK undergraduates with household income below £30,000 a year and provides first year students with financial assistance of either £800 or £1,200 according to their level of need. Across the whole scheme, in 2021/22, 48 students received bursaries, equating to more than a quarter of the new intake of undergraduate students with 27 students receiving the highest level of support. In a survey of our bursary recipients, 100% said that the Bursary Fund helped relieve financial pressure during their studies and a further 57% said it was a factor in taking up their place at the College.

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

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

Development and fundraising:

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

Over £1.6 million was raised during the period from fundraised income – an increase of 25% on the previous year. As part of our Promise strategy, raising funds for scholarships and bursaries continues to be a priority to enable wider access and, in doing so, to ensure greater diversity in our student community. New scholarships were committed from the Peters Saunders Trust, the Gaynor Cemlyn Jones Trust and a new partnership was formed with S4C to support Welsh language students in the Young Actors Studio and on the BA Acting programme. Support for scholarships continues from The Leverhulme Trust, Bad Wolf, the Andrew Lloyd Webber Foundation, the Spielman Trust, the Simon Gibson Charitable Trust and the Helen Rachel Mackaness Charitable Trust, as well as from a number of philanthropic individuals.

This year support was received from the Arts Council of Wales from the Connect & Flourish Scheme and a grant was awarded from the third round of the Cultural Recovery Fund in order to continue the public programme against the backdrop of continued disruption and reduced box office income as a result of COVID-19.

The College's regular giving programmes – *Connect* and The Chairs' Circle – continue to provide important unrestricted income and many individuals offered financial assistance for the development of the new postgraduate Opera 360 course, due to launch in September 2023. A substantial legacy gift was received from the Estate of Eira Halley to provide scholarships and bursaries for our under 18 College students.

The College would like to reiterate its thanks to all of the many individuals, businesses and charitable trusts that have supported scholarships, bursaries, special projects, prizes and other College and student activities during the period. A full list of supporters can be viewed on the College website: <https://www.rwcmd.ac.uk/support-us/thank-you>.

Widening Participation

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

The Junior Conservatoire had a successful year in 2021/22. Despite the challenging circumstances the pandemic had presented, student numbers increased again with over 200 students from Wales and England across the three main courses (Mini Music, Music First and Advanced Course).

Bursary funding totalling £88,500 was allocated to families in need of financial support and there continues to be a high demand for this funding which we expect to increase in line with the rise in cost of living. In addition to bursaries, the department allocated scholarships totalling £19,000 to students demonstrating exceptional talent and potential.

Free online auditions which were started during lockdown and proved popular and effective continued to be offered to all new applicants and the department was able to utilise online tools developed during the pandemic, including the VLE platform open.rwcmd.ac.uk, to provide learning resources and share key information with students and staff.

Six Junior Conservatoire students enrolled on the BMus course at RWCMD in September 2021 and other leavers went on to study at conservatoires and universities across the UK. The year-on-year retention rate for existing Junior students remains high, despite the financial challenges currently facing many families.

The Young Actors Studio began the year returning to face to face teaching in all classes in both Cardiff and Pembrokeshire centres. We also worked hard to reinstate partnerships and continue with a number of projects that we had developed throughout the year.

At the end of the academic year 2019/20 we introduced a 'pilot term' for younger age groups, introducing a Junior Theatre Workshop section of the school catering for young actors between seven and eleven years old. This was very successful with two groups continuing in the new term September 2021.

We saw a rise in the number of students attending our eleven to sixteen year age groups with a slight fall in our post sixteen groups.

We completed a collaboration with Arts in Business and a number of schools and community arts organisations in west Wales. The 'Re-emerge' project was carried out with the support of a current MA Arts Management student and critically acclaimed playwright, Meredydd Barker. The project worked with over 80 young people across the region.

Links with other organisations have also been continued with outreach work being undertaken with Merthyr College, Llandrillo Manai College (North Wales), Coleg Sirgar and Gower College Swansea.

Young Peoples Production Arts (YPPA) have continued to undertake vacation-based work and some summer school activity. These have included workshops in Costume & Make, Masks and Props and Technical theatre.

A very successful summer school took place over the school holidays with approximately 30 young people attending design and technical theatre-based activities.

Community Engagement

The College's Outreach programme had a busy year, delivering 65 workshops, events and concerts which reached approximately 2,000 participants. In the spring term, BMus year 2 undergraduate students, supported by their tutors, delivered music workshops in 11 schools across Cardiff. This was followed by the Schools Opera project which delivered workshops to key stage 2 students in 10 schools across Merthyr as part of the First Campus Creative Pathways Merthyr project. This project was significantly enabled by means of a partnership with Merthyr Music Services. Other Outreach projects included a Jazz Winter Carols tour of local schools delivered in December 2021, Workshop Leadership Skills for BMus year 4 students in February and March 2022 and Jazz Teaching Skills workshops in April and May 2022.

This is part of a longer term plan to focus community activity as a major part of the student learning experience, aimed at an holistic training approach for future graduates. As part of this ethos, the College will create 40 music residencies across communities in Wales by 2025.

Around 40% of community outreach was funded through First Campus activity, the HEFCW-funded programme aimed at widening access and targeting those in the lowest areas of deprivation.

During the year, our Directors of Music and Drama also toured secondary schools across Wales, targeting those in more deprived areas, where they had personal links.

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

Opinion

We have audited the financial statements of the Royal Welsh College of Music and Drama Limited ("the charitable company") for the year ended 31 July 2022 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the directors as to the company’s high-level policies and procedures to prevent and detect fraud and the company’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet loan covenants, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we did not identify a fraud risk related to revenue recognition due to the non-complex revenue recognition criteria, which limits the opportunity to fraudulently manipulate revenue.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the company wide fraud risk management controls

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual postings to cash and journals posted following the period end.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), from inspection of the company’s regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), charities legislation, distributable profits legislation, taxation legislation and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

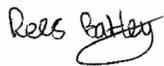
Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Rees Batley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

3 Assembly Square

Britannia Quay

Cardiff

CF10 4AX

30 November 2022

**Statement of Comprehensive Income and Expenditure
for the Year Ended 31 July 2022**

	Notes	2022 £'000	2021 £'000
Income			
Tuition fees and education contracts	3	9,730	8,983
Funding body grants	4	3,892	3,998
Other income	5	1,276	1,123
Investment income	6	65	94
Total income before endowments and donations		14,963	14,198
Donations and endowments	7	1,674	1,051
Total income		16,637	15,249
Expenditure			
Staff costs	8	9,578	9,642
Other operating expenses		7,103	5,116
Depreciation	11	942	937
Interest and other finance costs	9	495	444
Total expenditure		18,118	16,139
(Deficit)/Surplus before other gains and losses		(1,481)	(890)
Gain on disposal of fixed assets		2	0
(Loss) / Gain on investments	17	(106)	345
(Deficit)/Surplus for the year		(1,585)	(545)
Actuarial gain in respect of pension schemes	23	8,206	66
Total comprehensive income/(expenditure) for the year		6,621	(479)
Represented by:			
Endowment comprehensive (expenditure) / income for the year		(36)	365
Restricted comprehensive income for the year		98	77
Unrestricted comprehensive income/(expenditure) for the year		6,559	(921)
		6,621	(479)
All items of income and expenditure relate to continuing activities			

**Statement of Changes in Reserves
for the year ended 31 July 2022**

	Income and expenditure account			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
Balance at 1 August 2021	2,840	1,403	1,291	1,819	7,354
Surplus/(Deficit) for the year	(36)	98	(1,647)	0	(1,585)
Other comprehensive income	0	0	8,206	0	8,206
Balance at 31 July 2022	2,804	1,501	7,848	1,819	13,975

Balance Sheet
as at 31 July 2022
(Company Registration: 06013744)

	Notes	2022 £'000	2021 £'000
Non-current assets			
Tangible assets	11	24,664	24,415
Heritage assets	11	500	500
Other	11	135	135
		<u>25,299</u>	<u>25,050</u>
Current assets			
Stock		10	0
Trade and other receivables	12	330	146
Investments	13	7,449	8,189
Cash and cash equivalents	19	1,453	1,367
		<u>9,242</u>	<u>9,702</u>
Creditors: amounts falling due within one year	14	(4,932)	(3,565)
		<u>4,310</u>	<u>6,137</u>
Net current assets			
		<u>4,310</u>	<u>6,137</u>
Total assets less current liabilities			
		<u>29,609</u>	<u>31,187</u>
Creditors: amounts falling due after more than one year	15	(12,890)	(14,061)
Provisions			
Pension provisions	16	(2,555)	(9,539)
Other provisions	16	(189)	(234)
		<u>13,975</u>	<u>7,353</u>
Total net assets			
		<u>13,975</u>	<u>7,353</u>
Restricted Reserves			
Income and expenditure reserve - endowment reserve	17	2,805	2,840
Income and expenditure reserve - restricted reserve	18	1,501	1,403
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		7,849	1,290
Revaluation reserve		1,819	1,819
		<u>13,974</u>	<u>7,352</u>
Share Capital		1	1
		<u>13,975</u>	<u>7,353</u>
Total Reserves			
		<u>13,975</u>	<u>7,353</u>

The financial statements on pages 28 to 47 were approved by the Board on 30 November 2022 and signed on its behalf by:



John Derrick
Chair of Board of Governors

Cash Flow Statement
for the year ended 31 July 2022

	Note	2022 £'000	2021 £'000
Cash flow from operating activities			
Deficit before other gains and losses		(1,481)	(890)
Adjustment for non-cash items			
Depreciation	11	942	937
(Gain)/Loss on investments		(106)	345
Profit on disposal of fixed assets		2	0
(Increase) / Decrease in debtors	12	(184)	65
(Increase) / Decrease in stock	12	(10)	0
Increase / (Decrease) in creditors	14, 15	1,032	(663)
LGPS Pension costs less contributions payable		1,190	955
Capital grant income	14	(311)	(286)
Adjustment for investing or financing activities			
Interest payable	9	336	320
Endowment capital		(48)	(3)
Net cash inflow from operating activities		1,363	779
Cash flows from investing activities			
Movement in Investments		741	(306)
Payments made to acquire fixed assets	11	(1,192)	(434)
New deposits		48	3
		(404)	(737)
Cash flows from financing activities			
Interest paid		(336)	(320)
Deferred grant received in the year		593	357
Repayments of amounts borrowed		(1,131)	(1,456)
		(873)	(1,419)
Increase/(Decrease) in cash and cash equivalents in the year		86	(1,375)
Cash and cash equivalents at beginning of the year	19	1,367	2,742
Cash and cash equivalents at end of the year	19	1,453	1,367
Movement		86	(1,375)

Analysis of changes in net debt	As at 1 Aug 2021 £'000	Cashflows £'000	Other Changes £'000	As at 31 Jul 2022 £'000
Cash at bank and in hand	1,367	86	0	1,453
Debt due within one year	(1,131)	1,131	(1,347)	(1,347)
Debt due within more than one year	(6,916)	0	1,347	(5,569)
	(6,680)	1,216	0	(5,463)

Notes to the financial statements for the year ended 31 July 2022

1 Basis of Preparation

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

Going Concern

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

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

The directors have prepared cash flow forecasts for a period at least twelve months from the date of approval of these financial statements. After reviewing these forecasts, the Board are of the opinion that, taking account of severe but plausible downsides, including any future continuing impacts of the covid pandemic, the College will have sufficient funds through funding from its immediate parent, University of South Wales, if required, to meet its liabilities as they fall due over the period of twelve months from the date of approval of the financial statements (the going concern assessment period). Furthermore, the parent company has provided a written letter of support to guarantee funding, if required, during this period.

During the year, the directors finalised amendments to certain financial performance covenants attached to the Barclays Bank secured loan. The amended covenants now form a new legally binding arrangement with Barclays. The Directors have recently reviewed updated forecasts and projections and are satisfied that the College is able to continue to operate without breaching any of these conditions.

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

Notes to the financial statements for the year ended 31 July 2022

2 Accounting policies

Income recognition

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

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

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

Grant Funding

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

Donations and Endowments

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

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

There are three main types of donations and endowments identified within reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
3. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

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

Notes to the financial statements for the year ended 31 July 2022

2 Accounting policies (continued)

Accounting for retirement benefits

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

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

Employment Benefits

Short term employment benefit such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Early Retirement Provision

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

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

Operating Leases

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

Tangible Fixed Assets

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

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

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

Notes to the financial statements for the year ended 31 July 2022

2 Accounting policies (continued)

Land and buildings

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

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

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

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

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

Fixtures, fittings and plant and machinery

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

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

Fixtures and fittings	- 7 years straight line
Plant and machinery	- between 3-10 years straight line

Heritage Assets

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

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

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

Notes to the financial statements for the year ended 31 July 2022

2 Accounting policies (continued)

Investments

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

Cash

Cash includes cash in hand and cash equivalents.

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

Taxation

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

Loans

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

Reserves

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

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

**Notes to the financial statements
for the year ended 31 July 2022**

		2022	2021
		£'000	£'000
3 Tuition fees and education contracts	Notes		
Full-time home students		6,554	6,594
Full-time international students		2,522	1,788
Short Course Fees		654	601
		<u>9,730</u>	<u>8,983</u>
4 Funding body grants		2022	2021
		£'000	£'000
Higher Education Funding Council		3,615	3,746
Amortisation of Deferred Capital grant		277	251
		<u>3,892</u>	<u>3,997</u>
5 Other income		2022	2021
		£'000	£'000
Catering		473	115
Other capital grants		34	34
Other income		769	974
		<u>1,276</u>	<u>1,123</u>
6 Investment income		2022	2021
		£'000	£'000
Investment income on endowments	17	64	62
Other investment income		1	32
		<u>65</u>	<u>94</u>
7 Donations and endowments		2022	2021
		£'000	£'000
New endowments	17	48	3
Donations with restrictions		924	672
Unrestricted donations		702	375
		<u>1,674</u>	<u>1,050</u>

**Notes to the financial statements
for the year ended 31 July 2022**
8 Staff costs

	2022	2021
Staff Costs	£'000	£'000
Salaries	6,698	6,944
Social security costs	617	614
Other pension costs	2,263	2,084
Total	9,578	9,642

In addition to the amounts shown above, the College was charged £1,100k (2021: £23k) for services provided by PSS*. These costs are reported in other operating expenses in the Statement of Comprehensive Income and Expenditure

**Professional and Support Services Limited ("PSS") is a wholly owned subsidiary of the University of South Wales and provides professional and support services to RWCMD*

Remuneration of directors and higher paid employees

	2022	2021
(a) Directors	£'000	£'000
Salary	211	222
Benefits	2	3
Pension contributions to LGPS	38	37
	251	262
(b) Higher paid employees	2022	2021
Emoluments of the Principal:	£'000	£'000
Salary	162	152
Benefits	2	3
Pension contributions to LGPS	27	25
	191	180

Remuneration of the Principal of the College expressed as

	2022	2021
Basic salary as a multiple of the median basic salary of all staff	4.88	4.63
Total remuneration as a multiple of the median total remuneration to all staff	4.94	4.92

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

	2022	2021
Academic	108	100
Other	66	81
	174	181

In addition to the above, the numbers of full time equivalent staff employed by PSS and providing services during the year to RWCMD by major category

	2022	2021
Academic	11	0
Other	22	1
	33	1

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

	2022	2021
Academic	259	231
Other	120	154
	379	385

Average headcount of staff employed by PSS and providing services during the year to RWCMD was 99 (2021: 1)

Trustee expenses and related party transactions

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

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

The total expenses paid to or on behalf of Trustees was £Nil (2021 - £Nil)

**Notes to the financial statements
for the year ended 31 July 2022**

	2022	2021
	£'000	£'000
9 Interest and other finance costs		
Loan interest	336	320
Net charge on pension scheme (see note 23)	159	125
	495	445

	2022	2021
	£'000	£'000
10 Analysis of total expenditure by activity		
Academic and related expenditure	10,600	9,428
Administration and central services	3,751	3,139
Premises	2,326	2,144
Residences, catering and conferences	230	243
Other expenses	1,212	1,183
	18,119	16,137

Other operating expenses included:

	2022	2021
	£'000	£'000
External auditor's remuneration in respect of audit services	24	23
External auditor's remuneration in respect of non audit services	5	5
Operating lease rentals - other	167	158

**Notes to the financial statements
for the year ended 31 July 2022**

11 Tangible Assets	Freehold Land and Buildings	Leasehold Land and Buildings	Plant and Machinery	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2021	27,893	2,318	4,504	1,520	36,235
Additions	0	0	1,154	38	1,192
Disposals	0	0	(1,421)	(97)	(1,518)
At 31 July 2022	27,893	2,318	4,237	1,461	35,909
Accumulated depreciation					
At 1 August 2021	5,675	1,292	3,714	1,139	11,820
Charge for the year	469	21	360	93	943
Disposals	0	0	(1,421)	(97)	(1,518)
At 31 July 2022	6,144	1,313	2,653	1,135	11,245
Net book value					
At 31 July 2022	21,749	1,005	1,584	326	24,664
At 31 July 2021	22,218	1,026	790	381	24,415

Included in the net book value of fixed assets is aggregated interest capitalised of £282k (2021 - £290k).

During the year a review of the fixed asset register was carried out and the historical cost and accumulated depreciation for assets that had been disposed of, were removed from the register.

Heritage Assets

Cost	Heritage Assets	Total
	£'000	£'000
At 1 August 2021	500	500
At 31 July 2022	500	500

The heritage assets relate to the Foyle Opera RaRa Collection. This is a special collection comprising mainly 19th century operatic scores and manuscripts with associated artwork and archives. It was purchased from Opera Rara in 2018 with a grant from the Foyle Foundation.

The College aims to maintain the condition of the collection by housing it within a designated and managed area. Items from the collection will be on public display in various temporary exhibitions. The College is currently in the process of cataloguing the collection.

Other Assets

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

**Notes to the financial statements
for the year ended 31 July 2022**
12 Trade and other receivables

	2022	2021
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	265	37
Other receivables	6	4
Prepayments and accrued income	59	75
Amounts due from parent undertaking	0	30
	<u>330</u>	<u>146</u>

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

13 Investments

	2022	2021
	£'000	£'000
Short term investment in shares	2,338	2,219
Short term bonds	5,111	5,971
	<u>7,449</u>	<u>8,190</u>

14 Creditors : amounts falling due within one year

		2022	2021
		£'000	£'000
Secured loans		180	173
Unsecured loans	15	1,167	958
Amounts owed to parent undertaking	22	137	10
Other creditors		501	340
Trade payables		0	77
Social security and other taxation payable		111	118
Accruals and deferred income		2,836	1,890
		<u>4,932</u>	<u>3,566</u>

The Unsecured Loan is a public benefit entity concessionary loan.

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

Deferred income

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

	2022	2021
	£'000	£'000
Other income	228	314
Deferred capital grants (see notes 4 and 5)	311	286
	<u>539</u>	<u>600</u>

**Notes to the financial statements
for the year ended 31 July 2022**

15 Creditors : amounts falling due after more than one year

	2022	2021
	£'000	£'000
Deferred capital grant	7,321	7,145
Secured loans	5,569	5,749
Unsecured loan	0	1,167
	12,890	14,061

Analysis of secured and unsecured loans:

	2022	2021
	£'000	£'000
Due within one year or on demand (Note 14)	1,347	1,131
Due between one and two years	192	1,347
Due between two and five years	634	603
Due in five years or more	4,743	4,966
Due after more than one year	5,569	6,916
Total secured and unsecured loans	6,916	8,047
Secured loan repayable by 2041*	5,749	5,922
Unsecured loan repayable by 2023	1,167	2,125
	6,916	8,047

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

	Interest	Repayment	Term	2022	2021
				£'000	£'000
Barclays Bank					
All tranches	6.33%	Quarterly	33 years (to 2041)	5,378	5,569

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

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

There is no charge currently registered in this regard and the Directors do not consider it likely that any charge will be required in the 12 months from the date of approval of the financial statements.

16 Provisions for liabilities

	Pension scheme provision under FRS102	Defined Benefit Enhanced Provision	Other Provisions	Total
	£'000	£'000	£'000	£'000
At 1 August 2020	9,539	186	48	9,773
Reduction in year	0	(32)	(13)	(45)
Reduction in year (see note 23)	(6,984)	0	0	(6,984)
At 31 July 2022	2,555	154	35	2,744

Other Provisions includes future dilapidation remedial works on College rented properties.

**Notes to the financial statements
for the year ended 31 July 2022**
17 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Unrestricted permanent endowments	Year to 31 July 2022	Year to 31 July 2021
	£'000	£'000	Total £'000	Total £'000
Opening Balances				
Capital	403	2,174	2,577	2,228
Accumulated income	74	190	264	247
	477	2,364	2,840	2,475
New endowments	-	48	48	3
Investment income	10	54	64	62
Expenditure	(8)	(34)	(42)	(45)
Decrease in market value of investments	(17)	(89)	(106)	345
	(15)	(21)	(36)	365
Closing Balances	462	2,343	2,805	2,840
Represented by:				
Capital	386	2,133	2,519	2,577
Accumulated income	76	210	286	264
	462	2,343	2,805	2,840
Analysis by type of purpose:				
Scholarships and prize funds	462	2,343	2,805	2,840
	462	2,343	2,805	2,840
Analysis by asset				
Current asset investments			2,583	2,689
Cash and cash equivalents			222	152
			2,805	2,840

18 Restricted Reserves

Reserves with restrictions are as follows:

	Year to 31 July 2022	Year to 31 July 2021
	Total £'000	Total £'000
Opening Balances	1,404	1,327
New donations	672	671
Expenditure	(575)	(594)
	97	77
Closing balances	1,501	1,404

**Notes to the financial statements
for the year ended 31 July 2022**
18 Restricted Reserves (continued)

	2022	2021
	£'000	£'000
Analysis of other restricted funds /donations by type of purpose:		
Scholarships and prize funds	596	583
Specific projects	46	53
Other	30	35
	672	671

19 Cash and cash equivalents

	At 1 August 2021	Cash Flows	At 31 July 2022
	£'000	£'000	£'000
Cash and cash equivalents	1,367	85	1,453
	1,367	85	1,453

20 Lease obligations

Total rentals payable under operating leases:

	2022	2021
	£'000	£'000
Payable during the year	167	158
Future minimum lease payments due:		
Not later than 1 year	172	167
Later than 1 year and not later than 5 years	742	720
Later than 5 years	3,150	3,275
Total lease payments due	4,064	4,162

21 Related Parties

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

There are no other related party transactions to be reported.

22 Ultimate Parent Undertaking

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

University of South Wales
Pontypridd
Rhondda Cynon Taff
CF37 1DL

**Notes to the financial statements
for the year ended 31 July 2022**

23 Pension Schemes

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

Teachers' Pension Scheme

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

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

Latest actuarial valuation 31 March 2016

Valuation of the assets at date of last valuation £196.1 million (estimated future contributions together with notional investments held at 31 March 2016).

The contribution rate increased from 16.48% to 23.68% on 1 September 2019.

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

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

Rhondda Cynon Taff Pension Scheme

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

The scheme is valued every three years, the latest being undertaken by independent consulting actuaries, Aon Hewitt, as at 31 March 2019.

Assumptions

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

	2022	2021
	% pa	% pa
Price Inflation (CPI)	2.75	2.90
Rate of increase in pensionable salaries	3.75	3.90
Discount rate/interest income on assets	3.50	1.65

Assumptions for the current accounting period have been chosen with reference to the duration of the Employer's liabilities. This has been estimated as approximately 24.2 years.

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

	2022		2021	
	Males	Females	Males	Females
Pensioner aged 65	21.4	23.8	21.3	23.7
Active member aged 65	21.9	24.9	21.8	24.9

**Notes to the financial statements
for the year ended 31 July 2022**
23 Pension Schemes (continued)

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

	2022	2021
	£'000	£'000
Equities	11,007	12,710
Government bonds	1,968	2,162
Corporate bonds	2,158	2,173
Property	1,392	1,133
Other	70	-
Cash	95	35
Total	<u>16,690</u>	<u>18,213</u>

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

	2022	2021
	£'000	£'000
Scheme assets	16,690	18,211
Scheme liabilities	(19,245)	(27,750)
Deficit in the scheme – net pension liability recorded within pension provisions (Note 16)	<u>(2,555)</u>	<u>(9,539)</u>

	2022	2021
	£'000	£'000
Current service cost	1479	1,293
Past service and administration charges	14	14
Total operating charge	<u>1,493</u>	<u>1,307</u>

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

	2022	2021
	£'000	£'000
Interest cost	460	326
Expected return on assets	(304)	(204)
Net charge to other finance income	<u>156</u>	<u>122</u>
Payments to the Fund	<u>(447)</u>	<u>(462)</u>
Charge to Income and Expenditure Statement	<u>1,202</u>	<u>966</u>

Analysis of other comprehensive income for LGPS pensions:

	2022	2021
	£'000	£'000
(Losses) / Gains on assets	(2,253)	3,314
Experience Gain / (Loss) on liabilities	10,438	(3,241)
Experience Gain / (Loss) on liabilities (Enhanced Provision on Termination)	20	(7)
	<u>8,205</u>	<u>66</u>

Notes to the financial statements
for the year ended 31 July 2022

23 Pension Schemes (continued)

History of experience gains and losses – LGPS pensions

	2022	2021	2020	2019	2018
Difference between actual and expected return on scheme assets:					
Amount (£m)	(2,253)	3,314	803	519	769

Experience losses/(gains) on scheme liabilities:

Amount (£m)	10,438	(3,241)	(1,082)	(1,782)	214
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	2022	2021
	£'000	£'000
Cumulative actuarial loss recognised as other comprehensive income for LGPS		
Cumulative actuarial losses recognised at the start of the year	2,872	2,945
Cumulative actuarial (gains) / losses recognised at the end of the year	(5,314)	2,872

	2022	2021
	£'000	£'000

Analysis of movement in deficit for LGPS pension

Deficit at beginning of year	(9,538)	(8,645)
Contributions or benefits paid by the College	447	462
Current service cost	(1,479)	(1,293)
Other finance charge	(170)	(136)
Actuarial gain recognised in other comprehensive income	8,186	73
Deficit at end of year	(2,554)	(9,538)

	2022	2021
	£'000	£'000

Analysis of movement in the present value of LGPS liabilities

Present value of LGPS liabilities at the start of the year	27,751	22,111
Current service cost (net of member contributions)	1,479	1,293
Interest cost	460	326
Actual member contributions (including notional contributions)	217	226
Actuarial (gain) / loss	(10,438)	3,241
Net benefits paid	(222)	554
Past service costs	-	-
Present value of LGPS liabilities at the end of the year	19,247	27,751

	2022	2021
	£'000	£'000

Analysis of movement in the fair value of scheme assets

Fair value of assets at the start of the year	18,211	13,465
Expected return on assets	304	204
Actuarial (loss) / gain on assets	(2,253)	3,314
Actual contributions paid by College	447	462
Actual member contributions (including notional contributions)	217	226
Net benefits paid	(222)	554
Administration expenses	(14)	(14)
	<u>16,690</u>	<u>18,211</u>

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

	2022	2021
	£'000	£'000

Actual return on Scheme assets

Expected return on Scheme assets	304	274
Asset (loss) / gain	(2,253)	803
	<u>(1,949)</u>	<u>1,077</u>

Estimated contributions for LGPS in the Financial Year 2022-23 is £427k assuming 95% member take up.