



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

Merthyr Tydfil College Limited

Coleg Merthyr Tudful Cyfyngedig

**Annual Report and Financial
Statements for the year ended
31st July 2020**

Merthyr Tydfil College Limited

Annual Report and Financial Statements for the year ended 31 July 2020

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Merthyr Tydfil College Limited

Directors' report (incorporating the Strategic report) for the year ended 31 July 2020

The directors present their report and the audited financial statements of The College Merthyr Tydfil (known as 'the Company' or 'the College') for the year ended 31 July 2020. The financial statements have been prepared to comply with the Companies Act 2006 and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with the Accounts Direction for Further Education Colleges in Wales 2019/20.

Principal activities

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

Strategic Report

Business review and future developments

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

- Be the highest performing college in Wales by placing our learners at the centre of everything we do and providing an outstanding learning experience.
- Offer an innovative and responsive curriculum that supports all learners to progress on to their chosen career pathway.
- Provide learners and staff with a safe, supportive and inclusive college environment.
- Work collaboratively across our region to deliver inspiring and effective skills and training programmes that benefit our learners, support economic growth and meet stakeholder needs.
- Provide effective Financial, HR and Estates strategies to maximise sustainability and resilience and support future investment in the college as a first class learning and working environment for all.

Results

The company's surplus for the year ended 31 July 2020 was £294k (2019: £149K).

The College's cash and liquidity positions remained strong throughout the year, with year-end cash balances exceeding target with a healthy current ratio (current assets to current liabilities).

Going Concern

The College has net liabilities which include a substantial long term pension deficit (see note 16 to the financial statements). In assessing whether the going concern basis is appropriate the Directors have considered the College's expected future cash flows and are satisfied that the College has adequate resources to continue in operational existence for a minimum of 12 months from the date of the signing of the financial statements. The College's assessment has included reforecasts and stress testing in response to the Coronavirus pandemic which have indicated that the College has capacity to absorb the short and medium term financial impact of potential scenarios caused by the outbreak. In conjunction with the management at the University of South Wales, the Directors will continue to assess the options available to manage the pension deficit in order to ensure the College's long term sustainability

Key Performance Indicators

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

- i) Surplus - £294K (2019: £149K)
- ii) Year-end cash position - £5,460K (2019: £3,138)
- iii) Current ratio – 2.20 (2019: 2.26)

Student numbers: Further education recruitment remained strong.

Merthyr Tydfil College Limited

Directors' report (incorporating Strategic report) for the year ended 31 July 2020 (continued)

Quality: Student outcomes continued to improve in 2019-20 and the College has one of the stronger quality profiles in Wales. The College received good reports from its further education students in the 'Learner Voice' and its higher education students in the 'National Student Satisfaction Survey'.

Health & Safety: The most recent audit conducted by the University demonstrated a comprehensive approach to the management of Health and Safety. The College has an action plan to address any shortcomings identified in audit reports.

Principal risks and uncertainties

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

Government funding

The College relies considerably on continued government funding. In 2020 89% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Subsidiary Company

On the 1st August 2018 the College acquired Tydfil Training Company Limited, a charitable company engaged primarily in the provision of work based learning training. Tydfil Training Company's turnover for the year ended July 31 2020 was some £1,428k (2019: £1,431k.) Since acquisition the College and Tydfil Training Company management teams have been working together to maximise the benefits available to both parties. By combining our resources and skills, it will give the new body the greatest potential to maximise the offer from the newly commissioned "Job Support Wales" contract.

Financial Sustainability

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

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

The impact of the coronavirus pandemic has created uncertainty and disruption to both the economy and education. This has resulted in a number of financial and operational challenges. The College has ensured that a safe learning environment is provided for all staff and learners in accordance with Welsh Government guidance for safe operation, whilst ensuring the financial impact is considered in the short, medium and long term.

Risk management

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

The College's Board of Directors is responsible for the system of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The College maintains a risk register which considers business, operational, compliance and financial risks. The register is regularly reviewed by senior management, and the College's risk management process is consolidated into the

Merthyr Tydfil College Limited

Directors' report (incorporating Strategic report) for the year ended 31 July 2020 (continued)

University of South Wales (parent entity) whose internal control guidance adheres to the combined code as amended by the British Universities Finance Directors Group.

The Board of Directors met four times during the reporting period. In terms of audit arrangements, whilst a separate College Audit Committee has not been established, all audit reports and reviews and other information relating to the company are formally received by the University of South Wales' Audit Committee which meets four times per year. The 2019-20 annual report of the internal auditors was considered by both the University's Audit Committee and the College's Board of Directors, who also approved the internal audit plan for 2020-21.

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

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

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

The College as part of the University of South Wales Group, has agreed with its internal auditors that their programme of work and the approach to internal control will be risk based: this includes business, operational and compliance risks as well as financial risk.

This has been in place for the year ended 31 July 2019 and in place up to the date of approval of the Financial Statements.

Statement of Corporate Governance and Internal Control

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

Summary of the College's Structure of Corporate Governance

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

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

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Directors' report (incorporating Strategic report) for the year ended 31 July 2020 (continued)

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

In the opinion of the directors, the College complies with all of the provisions of the UK Corporate Governance Code 2018, in so far as they apply to the further and higher education sectors, and it has complied throughout the year ended 31 July 2020 and up to the date of signing the annual report and financial statements.

The College reviews, at least annually, the effectiveness of the internal control system.

Directors' indemnities

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

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

Dividends

The company is limited by guarantee. The directors do not recommend the payment of a dividend in respect of the year ended 31 July 2020 (2019 – nil)

Directors and their interests

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

Mrs H Mansfield OBE * 2019	(Chair) – Resigned 31 July 2020	Mr G Chapman * Resigned 31 July
Miss H Ameen*	Appointed 25 November 2019 / Resigned 26 August 2020	
Prof. J E Lydon	Appointed 6 April 2010	
Mr G Morgan*	Appointed 19 March 2013	
Mrs K Burns	Appointed 7 May 2014	
Mr H R Williams	Resigned January 2019	
Mrs Lisa Thomas	Appointed 21 September 2018	
Mr A Jenkins	Resigned 17 March 2020	
Ms R Moxley*	Resigned 31 July 2019	
Mr K Hamblin	Appointed 1 August 2019	
Mr C Sutton	Appointed 1 August 2019	
Dr Gwawr Taylor (nee Jones)	Appointed 17 October 2018	Company Secretary

*non-executive directors

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

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Directors' report (incorporating Strategic report) for the year ended 31 July 2020 (continued)

Employees

Applications for employment by disabled persons are always fully considered, taking into account the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has been undertaken, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests. The company is a member of the University of South Wales Equalities Forum, and its sub-groups. Communication with all employees is undertaken through termly staff meetings, and e-mails as required.

Provision of information to auditors

In the case of each director in office at the date the directors' report is approved, the following applies:

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

By order of the board



Company secretary

Dr Gwawr Taylor

30 November 2020

Registered Office

Merthyr Tydfil College
Ynsfach
Merthyr Tydfil
CF48 1AR

Statement of responsibilities of the Board of Directors

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

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

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Assess whether the college is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation

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

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

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

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

Approved by order of the Board of Directors on [date] and signed on its behalf by:



Mr C Sutton
Chair

Merthyr Tydfil College Limited

Public Benefit Statement for the year ended 31 July 2020

Merthyr Tydfil College Limited is a registered charity. The registered address is Merthyr Tydfil College, (University of South Wales), Treforest, Pontypridd, CF37 1DL and the registered number is 1140289. The members of the Board are directors for the purposes of the Companies Act 2006 and also are the trustees of the Charity and as such have due regard to the Charity Commission's guidance on public benefit and its supplementary guidance on the advancement of education for the public benefit.

Charitable Objectives

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

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

Fulfilment of the charitable objectives

Beneficiaries

The College has a student population of approximately 3,450 learners through different modes of study, 2,700 full time and 750 part time. The primary beneficiaries are students of the College directly engaged in high-quality training in a range of disciplines. However, beneficiaries extend to pre-College students (from the age of fourteen upwards) in addition to local employers and businesses.

Admissions policy

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

Bursaries/scholarships

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

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

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

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

Widening Participation

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

Community Engagement

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

Merthyr Tydfil College Limited

Public Benefit Statement for the year ended 31 July 2020 (continued)

Equality

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

The University of South Wales Group Strategic Equality Plan 2016-20 sets out our response to the requirements of the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011. This plan presents a clear commitment to not only comply with equality legislation, but also to ensure that all those who work or study at the College are treated with respect and that diverse needs are taken into consideration and responded to. This commitment to equality and diversity is even more important during this current climate of economic uncertainty and substantial change to the education sector. This is a time when it is essential to ensure that steps to ensure equality of opportunity in education and work are put in place and actions are prioritised where they are most needed.

In the case of each director in office at the date the directors' report is approved, the following applies;

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERTHYR TYDFIL COLLEGE

Opinion

We have audited the financial statements of Merthyr Tydfil College ("the College") for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheets, the Cash Flow Statement and related notes, including the accounting policies in basis of preparation section.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2020, and of the College's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education and the Accounts Direction for Further Education colleges in Wales 2019/20 issued by the Welsh Government; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the College's business model, and analysed how those risks might affect the College's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the College will continue in operation.

Other information

The Director's are responsible for the other information, which comprises the Strategic Review and the Report of the Governors and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Director's responsibilities

As explained more fully in their statement set out on page 6, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the College or to cease operations, or have no realistic alternative but to do so.

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

In our opinion, in all material respects:

- monies expended out of Welsh Government grants and other funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation; and
- income has been applied in accordance with the Financial Memorandum between the Welsh Government and further education institutions.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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

Merthyr Tydfil College Limited

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

Rees Batley
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff

Merthyr Tydfil College Limited

Company Registration No. 6671721

Income and Expenditure account for the year ended 31 July 2020

	Note	2020	2019
		£'000	£'000
Income			
Funding body grants	2	11,901	10,389
Tuition fees and education contracts	1	1,304	1,546
Other income	3	1,061	1,616
Investment Income		35	32
Total income		14,301	13,583
Expenditure			
Staff costs	4	9,804	9,256
Other operating expenses		2,928	3,035
Depreciation and Amortisation	8 + 9	1,117	1,013
Interest and other finance costs	6	162	150
Total expenditure		14,011	13,454
Gain on Disposal of Asset		4	20
Surplus for the year		294	149
Actuarial (loss) / gain in respect of pension schemes	16	(592)	(1,164)
Total comprehensive (expense)/ income for the year		(298)	(1,015)

The accompanying notes on pages 14 to 31 are an integral part of the Financial Statements.

Merthyr Tydfil College Limited

Statement of Changes in Reserves for the year ended 31 July 2020

	£'000 P&L and Pension	£'000 Other	£,000 Total Reserve
Balance at 1 August 2019	(2,468)	2,168	(480)
Surplus for the year	294	-	294
Other comprehensive expense	(592)	-	(592)
Total comprehensive expense for the year	(298)	-	(298)
Balance at 31 July 2020	(2,946)	2,168	(778)

The company is limited by guarantee and comprises one member.

The accompanying notes on pages 14 to 31 are an integral part of the Financial Statements.

Merthyr Tydfil College Limited

Company Registration No. 6671721

Balance sheet as at 31 July 2020

	Note	2020 £'000	2019 Restated* £'000
Non-current assets			
Intangible assets	8	70	44
Fixed assets	9	28,214	28,731
Current assets			
Stock		15	12
Trade and other receivables	10	640	1,723
Investments		2,359	2,303
Cash and cash equivalents		5,460	3,138
		8,474	7,176
Creditors: amounts falling due within one year	11	(3,850)	(3,175)
Net current assets		4,624	4,001
Total assets less current liabilities			
		32,908	32,776
Creditors: amounts falling due after more than one year	12	(24,396)	(25,143)
Provisions			
Pension provisions	13	(9,290)	(8,113)
Total net (liabilities)/assets		(778)	(480)
Unrestricted Reserves			
		(778)	(480)
Total Reserves		(778)	(480)

*The 2018/19 balance has been restated and further information can be found in note 18

The accompanying notes on pages 14 to 31 are an integral part of the Financial Statement and were approved by the Board of Directors on 30th November 2020 and were signed on its behalf by:



Mr C Sutton
Chair

Merthyr Tydfil College Limited

Cashflow Statement for the year ended 31 July 2020

	2020	2019
	£'000	Restated* £'000
Cash flow from operating activities-		
Surplus for the year	294	149
Adjustment for non-cash items		
Depreciation	1,094	988
Amortisation of intangibles	22	25
Decrease in stock	(2)	3
(Increase)/decrease in debtors	1,083	(562)
Increase/(decrease) in creditors	706	1,013
LGPS pension costs less contributions payable	585	553
Investment income	(35)	(32)
Profit on the sale of fixed assets	5	(20)
Capital grant income	(777)	(673)
Net cash inflow from operating activities	2,975	1,444
Cash flows from investing activities		
Transfers from cash to investments	(56)	(508)
Proceeds from sale of fixed assets	(5)	20
Investment income	35	32
Payments made to acquire fixed assets	(577)	(616)
Payments made to acquire intangible assets	(50)	-
Net cash inflow from investing activities	(653)	(1,072)
Cash and cash equivalents at beginning of the year	3,138	2,766
Analysis of Cash and cash equivalents at end of the year		
Short term deposits	8	38
Cash at bank and cash in hand	5,452	3,100
Total	5,460	3,138

*The 2018/19 balance has been restated and further information can be found in note 18

Merthyr Tydfil College Limited

The accompanying notes on pages 14 to 31 are an integral part of the Financial Statement

Accounting policies

Basis of Preparation

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

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

Recognition of income

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

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

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

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

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

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

Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The College has net liabilities which include a substantial long term pension deficit (see note 16 to the financial statements). In assessing whether the going concern basis is appropriate the Directors have considered the College's expected future cash flows and are satisfied that the College has adequate resources to continue in operational existence for a minimum of 12 months from the date of the signing of the financial statements. The College's assessment has included reforecasts and stress testing in response to the Coronavirus pandemic which have indicated that the College has capacity to absorb the short and medium term financial impact of potential scenarios caused by the outbreak. In conjunction with the management at the University of South Wales, the Directors will continue to assess the options available to manage the pension deficit in order to ensure the College's long term sustainability. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

Pension schemes

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

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

Merthyr Tydfil College Limited

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency

Accounting policies (continued)

to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating expenditure. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of comprehensive income.

Early Retirement Provision

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

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

Employment Benefits

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

Operating Leases

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

Foreign currency

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

Intangible assets

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

Tangible Fixed Assets

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

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset, evenly over its expected useful life, as stated below.

The principal rates used for this purpose are:

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

Land is not depreciated.

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Accounting policies (continued)

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

Land and buildings

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

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

Assets Financed by Capital Grant or Donations

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

Cash and cash equivalents

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

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

Stock

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

Provisions

Provisions are recognised in the financial statements when :

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

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

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

Use of estimates and judgements

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

Notes to the financial statements for the year ended 31 July 2020

1. Tuition fees and education contracts

	2020	2019
	£'000	£'000
Full-time home and EU students	1,133	1,338
Part-time students	171	208
	1,304	1,546

2. Funding body grants

	2020	2019
	£'000	£'000
Recurrent grant	10,744	9,347
Specific grants	380	369
Release of capital grants	777	673
	11,901	10,389

3. Other Income

	2020	2019
	£'000	£'000
European Projects	376	758
Nursery	380	422
Miscellaneous	305	436
	1,061	1,616

4. Staff costs

	2020	2019
	£'000	£'000
Salaries	7,216	7,009
Social security costs	688	693
Other pension costs	1,900	1,554
	9,804	9,256

	2020	2019
	£'000	£'000
Emoluments of the Principal / Accounting Officer		
Salary	101	90
Pensions	24	15
	125	105

Merthyr Tydfil College Limited

Other than the Principal there are no other remunerated directors.

Notes to the financial statements for the year ended 31 July 2020 (continued)

Remuneration of the Principal expressed as:

	2020	2019
Basic salary as a ratio of the median basic salary of all staff	4.63	4.28
Total remuneration as a ratio of the total remuneration to all staff	4.92	4.31

The College Board in agreeing the Principal's remuneration considers a range of information which includes benchmarking to other Welsh institutions, UK institutions, institutions of a comparable size and institutions with similar missions. The Board is also cognisant of wider institutional financial and academic performance, specifically annual reports of CPIs. The Senior Staff Pay Committee is also informed by the Vice Chancellor of their appraisal of individual performance as it relates to institutional performance.

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

	2020 Number	2019 Number
£60,000 - £64,999	-	1
£65,000 - £69,999	1	-
£70,000 - £74,999	-	-
£75,000 - £79,999	-	1*
£80,000 - £84,999	-	1**
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	1*	-

Higher paid employees are the Principal, Deputy Principal and the Vice Principal (Resources).

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are all included in the above analysis. These comprise the Principal* and Deputy Principal**.

In 2020 the role of Deputy Principal** was discontinued.

	2020 £'000	2019 £'000
Key management personnel compensation	138	251
Compensation for loss of office payable to senior post holder	-	43

Atypical Staff	2020 £'000	2019 £'000
Agency Staff	31	138

Merthyr Tydfil College Limited

Retirement benefits are accruing to 94 employees under a defined benefit scheme.

Notes to the financial statements for the year ended 31 July 2020 (continued)

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

	2020	2019
	Number	Number
Academic	183	181
Management & specialist	26	26
Technical	5	5
Other	48	46
	262	258

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

	2020	2019
	Number	Number
Academic	156	153
Management & specialist	20	20
Technical	4	5
Other	39	40
	219	218

5. Directors expenses and related party transactions

No expenses were paid to directors during the year (2019 – nil). No Director or other person related to the College had any personal interest in any contract or transaction entered into by the College during the year.

6. Interest and other finance costs

	2020	2019
	£'000	£'000
Net charge on pension scheme	162	150

Merthyr Tydfil College Limited

Notes to the financial statements for the year ended 31 July 2020 (continued)

7. Analysis of expenditure by activity

	2020	2019
	£'000	£'000
Academic and related expenditure	7,751	7,398
Administration and central services	1,888	1,580
Premises (including service concession costs)	2,057	1,988
Residences, catering and conferences	83	33
Other expenses	2,232	2,455
	14,011	13,454
Other operating expenses included:		
External auditor's remuneration in respect of audit services	23	9
External auditor's remuneration in respect of non-audit services	6	6
Operating Lease rentals		
<i>Land & Buildings</i>	110	107
<i>Other</i>	3	3

8. Intangible assets

	2020	2019
	£'000	£'000
Software		
Cost		
Opening balance	171	171
Additions in year	49	-
Closing balance	220	171
Accumulated Amortisation		
Opening balance	127	102
Additions in year	23	25
Closing balance	150	127
Net book value	70	44

Notes to the financial statements for the year ended 31 July 2020 (continued)

9. Fixed assets

	Freehold Land and Buildings	Fixtures Fittings & Equipment	Assets under Construction	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 August 2019	31,319	9,114	1	40,434
Additions	-	397	180	577
Transfers		1	(1)	-
Disposals	-	(5)	-	(5)
At 31 July 2020	31,319	9,665	22	41,006
Accumulated depreciation				
At 1 August 2019	3,984	7,719	-	11,703
Charge for the year	593	501	-	1,094
Disposals	-	(5)	-	(5)
At 31 July 2020	4,577	8,215	-	12,792
Net book value				
At 31 July 2020	26,742	1,450	22	28,214
At 31 July 2019	27,335	1,395	1	28,731

10. Trade and other receivables

	2020	2019
	£'000	£'000
Trade receivables	93	247
Other receivables	238	940
Prepayments and accrued income	229	290
Amounts owed by group undertakings	80	246
	640	1,723

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

Merthyr Tydfil College Limited

Notes to the financial statements for the year ended 31 July 2020 (continued)

11. Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
:		
Trade payables	53	100
Amounts owed to group undertakings	389	390
Deferred Capital Grant	756	754
Social security and other taxation payables	500	478
Accruals and deferred income	2,152	1,204
	3,850	2,926

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

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

	2020	2019
	£'000	£'000
:		
Deferred Capital Grant	24,396	25,143

13. Provisions

Pension Provisions

	Pension enhancement on termination	Defined Benefit obligation (see Note 20)	Total
	£'000	£'000	£'000
Cost			
At 1 August 2019	717	7,396	8,113
Utilised in year	10	399	409
Additional provision	-	768	768
At 31 July 2020	727	8,563	9,290

Merthyr Tydfil College Limited

Notes to the financial statements for the year ended 31 July 2020 (continued)

14. Lease obligations

Total rentals payable under operating leases:

	Land and Buildings £'000	Plant and Machinery £'000	2020 Total £'000	2019 Total £'000
Payable during the year	110	3	113	110
Future minimum lease payments due:				
Not later than 1 year	112	3	115	113
Later than 1 year and not less than 5 years	231	7	238	354
Later than 5 years	-	-	-	-
Total lease payments due	343	10	353	467

15. Related party transactions

The College is a wholly-owned subsidiary of the University of South Wales, and is included in the consolidated financial statements of the University of South Wales, which are publicly available from University of South Wales, Pontypridd, Rhondda Cynon Taf, CF329 1DL. The College is exempt under the terms of FRS 102 from disclosing related party transactions with entities that are part of the University of South Wales.

Due to the nature of the College's operations and the composition of the Board of Directors (being drawn from local public and private sector organisations), it is likely that transactions will take place with organisations in which a member of the Board of Directors may have an interest. All transactions involving organisations in which a member of the Board of Directors may have an interest are conducted in accordance with the College's financial regulations and normal procurement procedures.

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

Merthyr Tydfil College Limited

Notes to the financial statements for the year ended 31 July 2020 (continued)

16. Pensions

The Company participates in two pension schemes, the Rhondda Cynon Taf Pension Fund (RCTPF) for non-academic staff, and the Teachers' Pension Scheme (TPS) for academic staff.

Teacher's Pension Scheme

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

The contribution rate during the year was 16.48% for August 2019 and 23.68% September 2019 to July 2020.

It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the Income and Expenditure account of £1001k, (2019: £653k) is equal to the contributions payable to the scheme for the year.

Rhondda Cynon Taff County Borough Council Pension Fund

Funding Valuation

This scheme provides benefits for non-academic staff based on final pensionable salary. The scheme is valued every three years as required under Regulation 77(1) of the Local Government Pension Scheme Regulations 1997 (SI 1997 No. 1612). The latest valuation was undertaken by independent consulting actuaries as at 31 March 2018.

Under the definitions set out in FRS 102, the Local Government Pension Scheme is a multi employer defined benefit pension scheme. In the case of the LGSS, the actuary of the scheme has identified the Institution's share of its assets and liabilities as at 31 July 2020.

At 31 March 2020, in order to reflect the impact of proposals by the UK Chancellor and the UK Statistics Authority (UKSA) to align RPI with CPIH (a variant of the Consumer Prices Index that includes an estimate of housing costs), the CPI assumption methodology was reassessed. In particular, the assumed long-term gap between RPI inflation and CPI inflation was reduced from 1.1% at the prior year end to 0.6% at this year-end. The impact of this change is expected to have resulted in a £0.9m increase in the Fund's liabilities since the prior year end.

The College employs a building block approach in determining the rate of return on Fund Assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund as at 31 July 2020.

FRS102

In accordance with the requirements of Financial Reporting Standard 102, the independent consulting actuaries updated the results of the March 2018 actuarial valuation in order to ascertain the valuation of the "sub-funds" in the scheme at 31 July 2020.

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

	2020	2019	2018
	%	%	%
Discount rate / interest income on assets	1.45	2.25	2.75
General increases in pensionable salaries	3.20	3.25	3.30
CPI pension increases	2.20	2.25	2.30

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Notes to the financial statements for the year ended 31 July 2020 (continued)

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

	2020 Number	2019 Number
Retiring Today:		
Males	21.0	21.5
Females	23.5	23.4
Retiring in 20 years:		
Males	21.8	22.8
Females	24.4	24.9

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

	2020 £'000	2019 £'000
Equities	9,745	8,881
Government bonds	1,466	1,563
Corporate bonds	2,055	1,523
Property	1,006	977
Cash	101	78
	<hr/> 14,373	<hr/> 13,022

Analysis of amounts shown in the balance sheet

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Estimated share of assets	14,373	13,022	12,042	10,585	9,430
Present value of scheme liabilities	(22,936)	(20,418)	(17,696)	(16,952)	(14,890)
Deficit in the scheme – net pension liabilities	<hr/> (8,563)	<hr/> (7,396)	<hr/> (5,654)	<hr/> (6,367)	<hr/> (5,460)

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

	2020 £'000	2019 £'000
Current service cost	816	641
Past service cost	-	185
	<hr/> 816	<hr/> 826

Analysis of the amount charged to interest payable and similar charges

	2020 £'000	2019 £'000
Interest income on assets	(294)	(332)
Interest on pension scheme liabilities	456	482

Net charge	162	150
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Notes to the financial statements for the year ended 31 July 2020 (continued)

Analysis of amount recognised in other comprehensive income

	2020 £'000	2019 £'000
Actuarial gain on assets	919	560
Changes in assumptions underlying the present value of scheme liabilities	(298)	(1,716)
Experience loss on liabilities	(1,213)	(8)
Actuarial (loss)/gain recognised in other comprehensive income	(592)	(1,164)

Movement in deficit during the year

	2020 £'000	2019 £'000
1 August	(7,396)	(5,654)
Current service cost	(816)	(641)
Contributions	414	398
Admin	(11)	
Past service costs	-	(185)
Other finance charge	(162)	(150)
Actuarial (loss)/gain	(592)	(1,164)
31 July	(8,563)	(7,396)

Analysis of the movement in the present value of scheme liabilities

	2020 £'000	2019 £'000
Opening present value of liabilities	20,418	17,696
Current service cost	816	641
Past service cost	-	185
Interest cost	456	482
Contributions by participants	133	127
Actuarial loss /(gain) on liabilities	1,511	1,724
Net benefits paid	(399)	(437)
Closing present value of liabilities	22,935	20,418

Analysis of the movement in the market value of scheme assets

	2020 £'000	2019 £'000
Opening fair value of assets	13,022	12,042
Interest income on assets	295	332
Actuarial gain / (loss) on assets	919	560
Contributions by the Employer	414	408
Contributions by the participants	133	127
Net benefits paid (out)	(399)	(437)
Administration expenses	(11)	(10)

Merthyr Tydfil College Limited

Closing fair value of assets	14,373	13,022
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Notes to the financial statements for the year ended 31 July 2020 (continued)

History of experience gains and losses

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Actuarial gain on assets	919	560	860	730	720
Changes in assumptions underlying the present value of scheme liabilities	(298)	(1,716)	1,552	(130)	(650)
Experience (losses)/gains on liabilities	(1,213)	(8)	(1,155)	(977)	(1,030)
Total amount recognised in the other comprehensive income	(592)	(1,164)	1,257	(377)	(960)

17. Ultimate parent undertaking

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

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

18. Prior Year Adjustment

During the preparation of the 2019/20 accounts it was identified that a number of investments in short-term bonds and certificates of deposit with maturities greater than three months from the acquisition date had been classified as Cash and Cash Equivalents at 31 July 2019. A prior period adjustment has been posted to reclassify these balances as Current Investments. This adjustment does not affect the overall net figures in the accounts. This adjustment also impacts the cash and cash equivalents and the transfers from cash to investments line in the cash flow statement.

	As Previously Reported £000's	Adjustments £000's	Restated £000's
Current Investments			
Short term bonds	-	2,303	2,303
Short term deposit	-	-	-
	-	2,303	2,303
Cash and cash equivalents			
Short term bonds			
Cash and cash equivalents	5,441	(2,303)	3,138
	5,441	(2,303)	3,138
Balance sheet impact			
Investments	-	2,303	2,303
Cash and cash equivalents	5,441	(2,303)	3,138

