



**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 2024**

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

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Merthyr Tydfil College Limited

Strategic Report for the year ended 31 July 2024

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

Principal activities

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

Business review and future developments

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

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

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

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

Curriculum developments

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

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

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

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

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

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

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

Partnerships

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

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

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

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

Learner Voice

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

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

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

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

Financial Strategy

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

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

Financial Monitoring

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

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

Reserves

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

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

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

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

Going Concern

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

Key Performance Indicators

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

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

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

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

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

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

Subsidiary Company

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

Principal risks and uncertainties

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

Government funding

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

The College mitigates the risk by:

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

Financial Sustainability

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

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

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

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

Risk management

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

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

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

The Board of Directors met four times during the reporting period. In terms of audit arrangements, whilst a separate College Audit Committee has not been established, all audit reports and reviews and other information relating to the company are formally received by the University of South Wales' Audit Committee which meets four times per year. The 2023-24 annual report of the internal auditors was considered by both the University's Audit Committee and the College's Board of Directors, who also approved the internal audit plan for 2024-25.

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

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

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

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

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

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

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

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

Qualification and reporting methodology

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

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

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

Intensity Measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

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

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

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

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

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Directors' report for the year ended 31 July 2024

Directors and their interests

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

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

*non-executive directors

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

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

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

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

Directors' Appointment

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

Training and Development

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

Directors' indemnities

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

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

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

Dividends

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

Statement of Corporate Governance and Internal Control

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

Summary of the College's Structure of Corporate Governance

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

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

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

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

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

In the opinion of the directors, the College complies with all of the provisions of the UK Corporate Governance Code 2018, in so far as they apply to the further and higher education sectors, and it has complied throughout the year ended 31 July 2024 and up to the date of signing the annual report and financial statements.

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

Employees

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

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

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

Political Contributions

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

Engagement with Suppliers, Customers and other Business relationships

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

Other information

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

Provision of information to auditors

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

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

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

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

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

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

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

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

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

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

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

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

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



Mr Stephen Forster

Chair

Statement of regularity, propriety and compliance

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

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

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

Signed



Accounting Officer

Date 25th November 2024

Statement of the Chair of Directors

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

Signed



Chair

Date 25th November 2024

Merthyr Tydfil College Limited

Public Benefit Statement for the year ended 31 July 2024

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

Charitable Objectives

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

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

Fulfilment of the charitable objectives

Beneficiaries

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

Admissions policy

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

Bursaries/scholarships

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

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

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

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

Widening Participation

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

Community Engagement

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

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

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

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

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

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

Merthyr Tydfil College Limited

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

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report (which includes the strategic report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and

the Directors' Report has been prepared in accordance with applicable legal requirements.

Merthyr Tydfil College Limited

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report (which incorporates the directors' report).

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

- adequate accounting records have not been kept by the College; or
- the College financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page ..., the directors (who are also the directors of the College for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the College and the environment in which it operates, we considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the financial reporting legislation for further education including the Accounts Direction for Further Education Colleges in Wales issued by the Welsh Government, Companies Act 2006 and the Charities Act 2011, and other factors such as taxation and pensions legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

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

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

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

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

Report on other legal and regulatory requirements

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

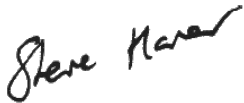
The regulation of the Welsh Further Education sector was transferred from Welsh Government to Medr, the Commission for Tertiary Education and Research on 1 August 2024. The Audit Code of Practice, 2023/24 Accounts Direction and Financial Memorandum issued by Welsh Government remain in place at the date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

In our opinion, in all material respects:

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

Use of our report

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



Steve Harper (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditor
Date: 29 November 2024

10 Queen Street Place
London
EC4R 1AG

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

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

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

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

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

The company is limited by guarantee and comprises one member.

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

Merthyr Tydfil College Limited

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

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

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



Mr Stephen Forster
Chair

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

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

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

Merthyr Tydfil College Limited

Accounting policies

Basis of Preparation

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

Going Concern

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

Recognition of income

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

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

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

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

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

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

Pension schemes

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

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

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

Merthyr Tydfil College Limited

Accounting policies (continued)

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

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

Early Retirement Provision

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

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

Employment Benefits

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

Operating Leases

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

Foreign currency

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

Taxation Status

The College is a registered charity within the meaning of Chapter 1, Section 3 of the Charities Act 2011 and as such is a charity within the meaning of Section 6 to the Finance Act 2010. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478 – 488 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Tax 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

Intangible assets

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

Merthyr Tydfil College Limited

Accounting policies (continued)

Tangible Fixed Assets

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

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

The principal rates used for this purpose are:

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

Land is not depreciated

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

Land and buildings

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

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

Assets Financed by Capital Grant or Donations

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

Cash and cash equivalents

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

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

Reserves

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

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

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

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

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

Stock

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

Merthyr Tydfil College Limited

Accounting policies (continued)

Provisions

Provisions are recognised in the financial statements when :

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

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

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

Use of estimates and judgements

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

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

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

1. Tuition fees and education contracts	2024	2023
	£'000	£'000
Full-time home and EU students	690	613
Part-time students	120	131
	810	744
2. Funding body grants	2024	2023
	£'000	£'000
Government Recurrent grant	12,174	14,494
Specific Government grants	1,520	75
Release of capital grants	1,199	1,144
	14,893	15,713
3. Other Income	2024	2023
	£'000	£'000
European Projects	470	493
Nursery	347	362
Miscellaneous	556	300
	1,373	1,155
4. Staff costs	2024	2023
	£'000	£'000
Salaries	7,848	8,085
Social security costs	1,166	829
Other pension costs	1,634	1,984
	10,648	10,898
	2024	2023
	£'000	£'000
Emoluments of the Principal / Accounting Officer		
Salary	132	119
Pensions	33	28
	165	147
	2024	2023
	£'000	£'000
Emoluments of the Staff Director		
Salary	47	46
Pensions	12	11
	59	57

Merthyr Tydfil College Limited

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

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

Remuneration of the Principal expressed as:

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

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

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

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

Key management personnel

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

	2024 £'000	2023 £'000
Key management personnel compensation		
Salary	304	332
Pension Contributions	48	57
	352	389

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

Atypical Staff	2024 £'000	2023 £'000
Agency Staff	28	39

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

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

	2024 Number	2023 Number
Academic	141	157
Management & specialist	27	30
Technical	6	6
Other	53	54
	227	247

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

	2024 Number	2023 Number
Academic	150	158
Management & specialist	23	21
Technical	6	6
Other	37	44
	216	229

5. Directors expenses and related party transactions

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

6. Severance Payments

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

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

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

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

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

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

8. Interest and other finance costs

	2024	2023
	£'000	£'000
Net charge on pension scheme	(12)	81

9. Analysis of expenditure by activity

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

Merthyr Tydfil College Limited

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

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

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

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

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

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

13. Creditors: amounts falling due within one year

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

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

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

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

	2024	2023
	£'000	£'000
Deferred Government Capital Grant	22,523	23,387

Merthyr Tydfil College Limited

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

15. Provisions

Pension Provisions

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

16. Lease obligations

Total rentals payable under operating leases:

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

17. Related party transactions

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

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

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

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

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

18. Pensions

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

Teacher's Pension Scheme

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

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

This scheme provides benefits for non-academic staff based on final pensionable salary. The scheme is valued every three years as required under Regulation 77(1) of the Local Government Pension Scheme Regulations 1997 (SI 1997 No. 1612). The latest valuation was undertaken by independent consulting actuaries as at 31 March 2022. Under the definitions set out in FRS 102, the Local Government Pension Scheme is a multi employer defined benefit pension scheme. In the case of the LGSS, the actuary of the scheme has identified the Institution's share of its assets and liabilities as at 31 July 2024. In response to the ongoing reform of RPI the actuary have changed their approach to setting the CPI assumption: an increase in the Inflation Risk Premium and a reduction in the long-term difference between RPI and CPI. The combined impact of this change is a circa £2.2m increase to the defined benefit obligation at 31 July 2024

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

Merthyr Tydfil College Limited

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

FRS102

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

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

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

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

	2024 Number	2023 Number
Retiring Today:		
Males	20.2	20.9
Females	23.1	23.6
Retiring in 20 years:		
Males	21.1	21.8
Females	24.2	24.7

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

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

Analysis of amounts shown in the balance sheet

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

Merthyr Tydfil College Limited

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

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

Merthyr Tydfil College Limited

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

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

Analysis of the movement in the market value of scheme assets

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

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

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

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

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

*Where the calculation results in a net asset, recognition is limited to the extent to which the college is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. As this reflects the policy for the surplus.

17. Ultimate parent undertaking

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

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