



**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 2023**

Equality

The College will comply with all statutory duties in respect of The Equality Act 2010 and its Protected Characteristics: age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity. The college will work within the terms of the Rehabilitation of Offenders Act 1974 and the Human Rights Act 1998 and any subsequent enactments or modifications. Equality Impact Assessments will be carried out at the drafting stage for new policies and where existing policies are reviewed and updated.

Sustainability

The college will comply with all statutory duties in respect of sustainable development by seeking to improve the long-term economic, social and environmental wellbeing of people and communities. This needs to be done in ways which promote social justice, equality of opportunity and which enhance the natural and cultural environment while respecting its limits.

Welsh Language

The College will comply with its Welsh Language Scheme, which is a statutory document, in all of its activities. This includes conducting Welsh Language Impact Assessments for all new and revised policies and initiatives. A copy of this policy is also available in the medium of Welsh.

Our commitment to being a Trauma Informed Organisation

The College is committed to transforming into a trauma-informed institution where safety, collaboration, choice, trust and empowerment are central to our culture and practices, ensuring the wellbeing and resilience of all learners and staff. We prioritise the wellbeing of all, fostering positive relationships and experiences which develop and uphold the resilience of learners and staff.

Our commitment to becoming an Antiracist Organisation

Our approach will tackle racism on many levels. We will engage all members of our College community to support transformational change.

We are determined to tackle racial discrimination in all its forms and will be referring to the Race Relations Act 1976 and to achieve the actions set out in the Black Further Education Leadership Group (BFELG) 10 Point Plan. We are committed to making sure that our College is inclusive. We want the experience of studying and working here to be positive and welcoming for everyone, of all ethnic and racial backgrounds.

We understand that this is the responsibility of all of us and we expect everyone to play an active part.

Mae'r ddogfen yma hefyd ar gael yn Gymraeg

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

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Merthyr Tydfil College Limited

Strategic Report for the year ended 31 July 2023

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

Principal activities

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

Business review and future developments

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

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

Curriculum developments

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

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

Partnerships

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

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

Merthyr Tydfil College Limited

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

Learner Voice

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

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

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

Results

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

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

Going Concern

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

Key Performance Indicators

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

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

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

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

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

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

Subsidiary Company

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

Principal risks and uncertainties

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

Government funding

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

The College mitigates the risk by:

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

Financial Sustainability

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

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

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

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

Risk management

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

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

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

The Board of Directors met four times during the reporting period. In terms of audit arrangements, whilst a separate College Audit Committee has not been established, all audit reports and reviews and other information relating to the company are formally received by the University of South Wales' Audit Committee which meets four times per year. The 2022-23 annual report of the internal auditors was considered by both the University's Audit Committee and the College's Board of Directors, who also approved the internal audit plan for 2023-24.

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

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

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

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

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

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

Energy and Carbon Reporting

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

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

Qualification and reporting methodology

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

- Water (Supply)
- Electricity (Treatment)

Next year, Waste will be included

WTT = Well to tank

T&D = Transmission & Distribution

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes 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 is partially heated by a biomass system with PV solar panels installed on the roof of the main building, which has recently expanded with the installation of PV panels on one of the workshop roofs. A project to replace traditional lighting in the main building with LED has been completed, which means that all classroom, staffrooms, and communal areas have switched to LED. Gas consumption has been considerably reduced by making far greater use of Biomass fuel (Wood Chips).

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Directors' report for the year ended 31 July 2023

Directors and their interests

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

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

*non-executive directors

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

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

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

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

Directors' indemnities

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

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

Dividends

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

Statement of Corporate Governance and Internal Control

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

Summary of the College's Structure of Corporate Governance

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

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

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

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

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

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

In the opinion of the directors, the College complies with all of the provisions of the UK Corporate Governance Code 2018, in so far as they apply to the further and higher education sectors, and it has complied throughout the year ended 31 July 2023 and up to the date of signing the annual report and financial statements.

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

Employees

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

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

Political Contributions

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

Engagement with Suppliers, Customers and other Business relationships

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

Other information

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

Provision of information to auditors

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

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

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

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

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

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

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

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

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

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

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

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



Mr C Sutton
Chair

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

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

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

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

Signed**Accounting Officer****Date 30th November 2023****Statement of the Chair of Directors**

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

Signed**Chair****Date 30th November 2023**

Merthyr Tydfil College Limited

Public Benefit Statement for the year ended 31 July 2023

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

Charitable Objectives

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

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

Fulfilment of the charitable objectives

Beneficiaries

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

Admissions policy

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

Bursaries/scholarships

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

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

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

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

Widening Participation

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

Community Engagement

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

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Public Benefit Statement for the year ended 31 July 2023 (continued)

Equality

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

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

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

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

Merthyr Tydfil College Limited

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

Opinion

We have audited the financial statements of Merthyr Tydfil College ("the College") for the year ended 31 July 2023 which comprise the Income and Expenditure Account, Statement of Changes in Reserves, Balance Sheet, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023 and of its surplus for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors, the Audit Committee, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board of Directors and Audit and Risk Committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

Merthyr Tydfil College Limited

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

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

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the College-wide fraud risk management controls.

We also performed procedures including:

- Identifying and testing journal entries based on risk criteria and comparing the identified entries to supporting documentation. These included journals containing specific words, revenue journals posted to unusual account combinations, and journals selected through applying our professional judgement to incorporate an element of unpredictability.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

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

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

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

Firstly, the College is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation and further education related legislation, including the Accounts Direction for Further Education Colleges in Wales issued by Welsh Government), distributable profits legislation and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

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

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

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

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

Other information

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

Merthyr Tydfil College Limited

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

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

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

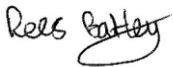
We are required to report on the following matters under the Further Education Audit Code of Practice 2015 (effective 1 August 2014) issued by the Welsh Government under the Learning and Skills Act 2000.

In our opinion, in all material respects:

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

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

This report is made solely to the College's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and paragraph 56(b) of the College's Articles of Association. Our audit work has been undertaken so that we might state to the College's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Rees Batley (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

66 Queen Square

Bristol

BS1 4BE

30 November 2023

Merthyr Tydfil College Limited**Company Registration No. 6671721****Income and Expenditure account for the year ended 31 July 2023**

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

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

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

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

The company is limited by guarantee and comprises one member.

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

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

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

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



Mr C Sutton
Chair

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

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

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

Merthyr Tydfil College Limited

Accounting policies

Basis of Preparation

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

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

Going Concern

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

Recognition of income

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

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

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

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

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

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

Pension schemes

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

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

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

Merthyr Tydfil College Limited

Accounting policies (continued)

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

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

Early Retirement Provision

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

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

Employment Benefits

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

Operating Leases

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

Foreign currency

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

Intangible assets

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

Tangible Fixed Assets

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

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

The principal rates used for this purpose are:

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

Land is not depreciated.

Merthyr Tydfil College Limited

Accounting policies (continued)

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

Land and buildings

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

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

Assets Financed by Capital Grant or Donations

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

Cash and cash equivalents

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

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

Reserves

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

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

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

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

Stock

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

Provisions

Provisions are recognised in the financial statements when :

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

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

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

Use of estimates and judgements

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

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

2. Funding body grants

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

3. Other Income

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

4. Staff costs

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

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

Other than the Principal there are no other remunerated directors.

Merthyr Tydfil College Limited

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

Remuneration of the Principal expressed as:

| | 2023 | 2022 |
|--|------|------|
| Basic salary as a multiple of the median basic salary of all staff | 4.47 | 4.55 |
| Total remuneration as a multiple of the median total remuneration to all staff | 4.78 | 4.87 |

(All full time and part time staff but excluding agency workers)

Senior staff who fall outside of the national pay spine and incremental scale, is considered by the Culture, People and Values Committee (CPVC). The CPVC met on 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

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

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

Key management personnel

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

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

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

| Atypical Staff | 2023 £'000 | 2022 £'000 |
|-----------------------|-----------------------|-----------------------|
| Agency Staff | 39 | 52 |

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

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

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

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

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

5. Directors expenses and related party transactions

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

6. Interest and other finance costs

| | 2023 £'000 | 2022 £'000 |
|------------------------------|-----------------------|-----------------------|
| Net charge on pension scheme | 81 | 146 |

Merthyr Tydfil College Limited

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

7. Analysis of expenditure by activity

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

8. Intangible assets

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

Merthyr Tydfil College Limited

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

9. Fixed assets

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

10. Trade and other receivables

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

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

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

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

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

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

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

13. Provisions**Pension Provisions**

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

Merthyr Tydfil College Limited

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

14. Lease obligations

Total rentals payable under operating leases:

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

15. Related party transactions

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

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

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

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

Merthyr Tydfil College Limited

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

16. Pensions

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

Teacher's Pension Scheme

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

Rhondda Cynon Taff County Borough Council Pension Fund

Funding Valuation

This scheme provides benefits for non-academic staff based on final pensionable salary. The scheme is valued every three years as required under Regulation 77(1) of the Local Government Pension Scheme Regulations 1997 (SI 1997 No. 1612). The latest valuation was undertaken by independent consulting actuaries as at 31 March 2022. Under the definitions set out in FRS 102, the Local Government Pension Scheme is a multi employer defined benefit pension scheme. In the case of the LGSS, the actuary of the scheme has identified the Institution's share of its assets and liabilities as at 31 July 2023. In response to the ongoing reform of RPI the actuary have changed their approach to setting the CPI assumption: an increase in the Inflation Risk Premium and a reduction in the long-term difference between RPI and CPI. The combined impact of this change is a circa £2.2m increase to the defined benefit obligation at 31 July 2023

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

FRS102

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

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

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

Merthyr Tydfil College Limited

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

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

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

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

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

Analysis of amounts shown in the balance sheet

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

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

| | 2023 £'000 | 2022 £'000 |
|----------------------|---------------|---------------|
| Current service cost | 764 | 1,326 |
| Past service cost | - | - |
| | 764 | 1,326 |

Analysis of the amount charged to interest payable and similar charges

| | 2023 £'000 | 2022 £'000 |
|--|---------------|---------------|
| Interest income on assets | (574) | (299) |
| Interest on pension scheme liabilities | 655 | 445 |
| Net charge | 81 | 146 |

Merthyr Tydfil College Limited

| Notes to the financial statements for the year ended 31 July 2023(continued) | | |
|---|-----------------------|-----------------------|
| Analysis of amount recognised in other comprehensive income | 2023 £'000 | 2022 £'000 |
| Actuarial gain on assets | (277) | (2,217) |
| Changes in assumptions underlying the present value of scheme liabilities | 3,529 | 7,752 |
| Experience loss on liabilities | (297) | 1,917 |
| Actuarial gain/(loss) recognised in other comprehensive income | 2,955 | 7,452 |
| Movement in deficit during the year | 2023 £'000 | 2022 £'000 |
| 1 August | (2,530) | (8,869) |
| Current service cost | (764) | (1,325) |
| Contributions | 433 | 369 |
| Admin | (13) | (11) |
| Past service costs | - | - |
| Other finance charge | (81) | (146) |
| Actuarial (loss)/gain | 2,955 | 7,452 |
| 31 July | - | (2,530) |
| Analysis of the movement in the present value of scheme liabilities | 2023 £'000 | 2022 £'000 |
| Opening present value of liabilities | 18,771 | 26,982 |
| Current service cost | 764 | 1,325 |
| Past service cost | - | - |
| Interest cost | 655 | 445 |
| Contributions by participants | 168 | 144 |
| Actuarial loss on liabilities | (4,292) | (9,670) |
| Net benefits paid | (269) | (455) |
| Closing present value of liabilities | 15,797 | 18,771 |
| Analysis of the movement in the market value of scheme assets | 2023 £'000 | 2022 £'000 |
| Opening fair value of assets | 16,241 | 18,112 |
| Interest income on assets | 574 | 299 |
| Actuarial gain on assets | (277) | (2,217) |
| Contributions by the Employer | 433 | 369 |
| Contributions by the participants | 168 | 144 |
| Net benefits paid out | (269) | (455) |
| Administration expenses | (13) | (11) |
| Closing fair value of assets | 16,857 | 16,241 |

Merthyr Tydfil College Limited**Notes to the financial statements for the year ended 31 July 2023 (continued)****Analysis of the amount shown in the balance sheet for LGPS pensions:**

| | 2023 £'000 | 2022 £'000 |
|--|-----------------------------|-----------------------------|
| Fair value of fund assets | 16,858 | 16,241 |
| Present value of defined benefit obligation | (15,798) | (18,771) |
| Pension asset before adjustments | 1,061 | (2,530) |
| Effect of asset ceiling (FRS102 para28.22) | (1,061) | - |
| Net pension asset/(liability) recognised on Balance Sheet | - | (2,530) |

History of experience gains and losses

| | 2023 £'000 | 2022 £'000 | 2021 £'000 | 2020 £'000 | 2019 £'000 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Actuarial gain on assets | (277) | (2,217) | 3,405 | 919 | 560 |
| Changes in assumptions underlying the present value of scheme liabilities | 3,529 | 7,752 | 749 | (298) | (1,716) |
| Experience (losses)/gains on liabilities | (297) | 1,917 | (3,614) | (1,213) | (8) |
| Total amount recognised in the other comprehensive income | 2,955 | 7,452 | 540 | (592) | (1,164) |

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

17. Ultimate parent undertaking

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

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