

Royal Welsh College of Music and Drama Limited

Financial Statements and Annual Review
Year ended 31 July 2024

Registered Company number	06013744
Registered Charity number	1139282

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1. Reference and administrative details

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

Chairman
Mr M Plaut

Secretary
Mr W Callaway

Principal address and registered office
Castle Grounds
Cathays Park
Cardiff
CF10 3ER

Independent auditors
External: HaysMac LLP
10 Queen Street Place
London
EC4R IAG

Internal: TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO141AH

2. Chair's report for the year ending 31 July 2024

The College's community have delivered an impressive body of work this year, despite the challenging climate for Higher Education, and has continued to deliver on our vision to change lives, transform and connect communities through the arts. This report tells the story of the College in 2023/24 through the following main sections:

- 2.1 Highlights of the Year
- 2.2 Student Experience
- 2.3 Key Facts about the College
- 2.4 Looking forward

2.1 Highlights of the Year

This year we began celebrating the College's 75th birthday. Our ambition was to create and deliver a schedule of work that showcased the College's unique focus on craft and creative training that has empowered our graduates to make a real difference on a global stage as collaborative, innovative artists, and active, responsible contributors to society. Despite the challenges faced this year, outlined in the introduction to this report, I'm pleased to be able to report that we've been able to deliver on this ambition. Below we've set out just a few of this year's highlights.

National Open Youth Orchestra ("NOVO") - in September 2023 we joined forces with NOVO and BBC National Orchestra of Wales to open the Cardiff NOVO Centre, which now offers the first progression route for talented young disabled musicians in Wales. Five students joined us this year and their Cardiff rehearsals fed into the UK network of NOVO Ensembles (Barbican, Bournemouth, Birmingham, and Bristol) with opportunities for Cardiff members to participate in collective NOVO projects between terms. Two performances in the College summer 2024 showcased the work of our NOVO ensemble.

Linbury Prize for Stage Design - the College's extraordinary track of success continued this year with five of the recipients coming from the College. Over half of the finalists over the last five years have studied at RWCMD.

A Christmas Carol - we welcomed the festive season in December 2023 with a unique presentation of 'A Christmas Carol'. With integrated British Sign Language (BSL) this sold-out production brought a very happy Christmas to all. As well as bringing in a new audience, making this inclusive work expanded ideas and horizons, as well as the skill set of the actors that train with us.

Old Library engagement- in February we held a Public Open Day to celebrate and share our plans for the Old Library. More than 200 people joined us to see the potential of the spaces inside and to voice their thoughts and aspirations for the building. Visitors were able to watch: schools' workshops taking place, scenic construction sessions to explore our design for performance courses and movement workshops. Visitors also enjoyed an open dress rehearsal of the Welsh/ Chinese Dragon project, an Arts Council Wales funded partnership between the Chinese in Wales Association and RWCMD, which has featured at multiple Lunar New Year events. Our Director of Music, Tim Rhys Evans, led a celebratory open choir. This saw local workers, members of the Windrush Elders, families, people experiencing homelessness and many more come together for a heartwarming moment of collective singing that we look forward to repeating many times in the future.

Sweet Charity- in May our students were joined by Dame Shirley Bassey at the sold-out premiere of Sweet Charity at the Sherman Theatre. This was a very proud moment for the College - the first "showcase" production from our undergraduate Musical Theatre course launched in September 2021.

75th Birthday Gala-this event in May, at Shakespeare's Globe in London, honoured Sir Jonathan Pryce CBE's RWCMD Fellowship and provided the platform for raising over £200,000. This new funding means that we have been able to offer an enhanced Bursary Scheme for our students from 2024/25.

Also, in May, we learned that HM King Charles III would continue as the College's Patron, extending his long close and supportive relationship with us as the former Prince of Wales. In keeping with all his charity relationships when he ascended the throne, His Majesty stepped away from the Presidency of the College and we will be appointing a new President in due course.

Urdd partnership - in June we announced an important new partnership with Urdd Gobaith Cymru, creating new opportunities for some of Wales's most promising artistic talents. Six young performers, including some of our current students were chosen to be Young Cultural International Ambassadors at the annual Welsh language festival, the Eisteddfod yr Urdd.

2.2 Student Experience

Across the academic portfolio 91% of our students took part in the 2024 National Student Survey ("NSS"), compared with 94% in 2023. This compares very favourably across HE in Wales where the participation level averages at 72% (74% in 2023).

In terms of the headline measure of our students' views about the College we're pleased to report that we've consolidated the gains made last year, indeed improving from 80% to 81% on "overall satisfaction". The table below provides some additional course by course analysis:

Course of study	2024 %	2023 %	2022 %	2021 %
Overall satisfaction (all courses)	81	80	71	70
BA Acting	100	100	90	86
BA Stage Management	100	91	73	53
BA Design	96	85	100	100
BMUS	68	69	61	64
BA Musical Theatre	100	n/a	n/a	n/a

Our BA Musical Theatre students were surveyed for the first time this year, and we're delighted to report 100% overall satisfaction from our first set of graduates on this course which was introduced to our portfolio in 2022. Our BA Acting course also achieved 100% along with BA Stage Management, which has now increased overall satisfaction from 53% in 2021 to 100% in 2024. The BMUS course, which continues to be our largest undergraduate programme, consolidated the improvement from 2022.

As we continue to build strategic aims and systemic and organisational change at the College, we celebrate the overall direction of travel of an upwards trajectory over the last four years. At the same time, we continue to recognise that some of our ambition will take longer than one or two academic sessions to embed fully, and this work is on-going.

2.3 Key Facts about the College

Student Body

In 2023/24 the College had 853 students (2022/23: 869). Additional information is set out below:

2023/24	2022/23
72% undergraduate and 28% postgraduate	70% undergraduate and 30% postgraduate
81% from UK with 22% from Wales	83% from UK with 22% from Wales
11% Welsh speakers	11% Welsh speakers
18% from 38 different overseas countries	15% from 38 different overseas countries
27% declaring a disability	26% declaring a disability
20% declaring they are from the global majority	18% from global majority
94% retention rate	97% retention rate
90% of graduates received a first-class or upper second-class degree	91% of graduates received a first-class or upper second-class degree

Resources

Our students continue to benefit from the performance programme at our busy arts centre and as part of other live industry environments, can engage audiences in their work at every opportunity. Importantly this means they learn up close from some of the world's most renowned performers, push boundaries, collaborate with colleagues and partners and create new work across a full range of professional and community settings.

Across our three exceptional sites in Cardiff our students have access to world class facilities. Our main site includes the Dora Stoutzker Hall, Richard Burton Theatre and Linbury Gallery as well as smaller rehearsal studios including those named for Dame Shirley Bassey and the late Lord Rowe-Beddoe. Our Llanishen workshop is a fully equipped facility for teaching scenic arts and construction techniques. It is the envy of many of our competitor conservatoires and enables our students to work on the same equipment as specialists in the industry. We continued to develop the work at our city centre Old Library site during 2023/24 rolling out more of our teaching and using the unique spaces to create more informal approaches to performance and inclusive forms of public participation.

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

2.4 Looking forward

Like almost all UK HE providers in the UK, RWCMD is facing significant financial challenges. Three years of high inflation have impacted the core costs of running universities and colleges in the UK. Undergraduate student fees in Wales have been capped for nearly 10 years and public funding for HE

in Wales has reduced by 6% for 2024/25. A Universities UK report, published in September 2024, commented that funding of universities across the UK is structurally unsustainable and confirmed that universities are already making very significant cuts to balance their budgets. Many universities have announced redundancies and over 40% were expected to be in deficit in 2023/24. Like our peers, therefore, we must drive our own financial sustainability to carefully steer the College through the next few years.

The RWCMD Board and Senior Management Team have been focussed on this challenge throughout this year. The task we have set ourselves is to develop robust sustainable future plans that ensure that RWCMD can continue as the National Conservatoire of Wales - to remain fully committed to the development of world-class artists and makers in Wales, to play our part to build pathways into professional training and to reach young people from diverse backgrounds throughout Wales, and to make a significant contribution to wider cultural life in Wales and beyond. To remain a conservatoire of choice, which delivers for our students, colleagues, and communities, we must continue to be distinctive and competitive. It will not be enough to simply reduce costs, we will also have to adapt our ways of learning, teaching and working in innovative, future-focused ways, and continue to invest in our physical and digital infrastructure. Important early progress has already been made. We are developing a model and a narrative for a "conservatoire of the future" which also creates a framework for reducing costs.

We are therefore moving forward cautiously looking to protect our reserves in the short to medium term and some early cost reduction plans, from all areas of the College's activities, are already included in our budgets for 2024/25. An important component of those cost reductions was the decision taken, in July 2024, to close our regular weekend music and drama provision for young people under 18. We heard powerful individual stories from some of our Young RWCMD participants and public concerns were expressed, which demonstrated how much people in Wales care about the role of music and drama in the lives of our young people. However, our decision was driven by the financial imperative we face. It's important to note the Welsh policy context and the reality of limited resource across the arts and education, RWCMD is not funded or tasked to provide a weekly service to school-age children, and there is a stark contrast with conservatoires in England that receive annual funding from the Music and Dance scheme for their specialist under-18 provision.

We are determined, nevertheless, to create a positive future with opportunities for young people that they value. RWCMD is now scoping a new partnership approach to support outstanding talent from right across Wales, developing sustainable models in music and drama that will best serve young people from all backgrounds. And we are hopeful that the position with public finances will start to improve in the next few years and new investment will become possible.

Looking ahead, while there is much more to do, we approach the future with confidence and optimism. Our dedicated project team, led by the Principal, will develop and deliver our plans to reshape RWCMD as a world-leading, future-focused and sustainable conservatoire (socially, economically, environmentally) to ensure that we deliver the cost savings we have identified as being essential.

2.5 Conclusion

At a time when many in the arts and in higher education - including us - are facing a very significant economic threat, our focus is firmly facing forward as we develop plans to strengthen our offer and our influence as a precious training institution and the National Conservatoire of Wales, where the future of music, theatre and the creative industries is being shaped towards defining and implementing a future sustainable model.

We are grateful to the many individuals, businesses and charitable trusts that have generously supported the College during the year. Everything we achieve is as a result of the work of the dedicated staff of the College, to whom I would like to pay a particular tribute. I would also like to thank all my fellow Trustees for their active and committed service and to acknowledge, with great sorrow, the loss of our former Chair, President and Chair Laureate, Lord (David) Rowe-Beddoe who passed away in November 2023. David served the College with wisdom, energy and love over many decades and will always be remembered and missed.

A handwritten signature in black ink, appearing to read 'M Plaut', with a long horizontal line extending to the right.

Michael Plaut QBE
Chair of Board of Governors
25 November 2024

3. Corporate structure, trustees and directors

The Royal Welsh College of Music and Drama Limited is a limited company and a registered charity. It is governed by its Articles of Association. It is a subsidiary company of the University of South Wales ("USW") which is its sole member.

The Company's registered address is Castle Grounds, Cathays Park, Cardiff, CF10 3ER. The Charity's contact address is University of South Wales, Treforest, Pontypridd, CF37 1DL and the registered number is 1139282.

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

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

Sarah Alexander OBE - appointed 1 August 2023

April Audiger

Antigone Alys Blackwell (RWCMD Student President)- appointed 6 September 2024

Dr Ben Calvert (USW Vice Chancellor, University of South Wales - ex officio)

Mario Ferelli

Professor Helena Gaunt (RWCMD Principal - ex officio)

Ian Lewis

Tianyi Lu

Aled Miles

Roger Munnings CBE

Michael Plaut OBE (Chair) - appointed 1 August 2023

Professor David Ruebain

Helen Sanderson (nominee of RWCMD Staff) - appointed 1 August 2023

Nitin Sawhney CBE - resigned 29 October 2024

Manon Bonner Antoniazzi - resigned 10 June 2024

Natalie Roe (RWCMD Student President) - resigned 31 July 2024

4. Trustees Report

This report includes the Strategic Report and the Directors' Report required under the Companies Act 2006. The Trustees confirm that the financial statements for the year ended 31 July 2024 have been prepared to comply with the Companies Act 2006 and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with applicable accounting standards.

4.1. Strategic report

Financial Review

Principal activities

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

Summary of main achievements

A summary of the main achievements of the College in 2023/24 is set out in section 6.

Financial strategy

The Chair's report, in section 2, describes some of the financial challenges facing the UK Higher Education sector and explains how these might impact the College's finances.

Three years of high inflation, fixed UK undergraduate fees since 2014 and a 6% reduction in the Expensive Subject Premium funding from Medr in 2024/25 means that the College, like most of the Higher Education sector in the UK, is now expecting to be managing the challenge of overall deficits over the foreseeable future unless swift action is taken to restore funding levels. The Trustees have been working with the Senior Management Team to review and update the College's long-term financial strategy during 2023/24. The overriding priority is to develop and adopt robust sustainable plans that ensure that RWCMD can remain a conservatoire which will deliver high quality life and career preparation for our students and value for colleagues and communities.

The immediate focus has been to look at ways to reduce the projected deficits to protect reserves in the short to medium term and, to this end, some early cost reduction plans have already been implemented and are included in the budgets for 2024/25. Further reductions are likely to be needed in later years and work continues in those areas in 2024/25. There is continuing emphasis on careful cash management to support the strategic priorities while retaining and enhancing the College's infrastructure. It will not be enough to simply reduce costs, the College will also adapt ways of learning and working and continue to invest in physical and digital infrastructure.

The Trustees are clear that, as these plans are developed with the Senior Management Team, the emerging future RWCMD - *a conservatoire for the future* - must continue to be distinctive and competitive. It will not be enough to simply reduce costs, the College intends to also adapt ways of learning and working and continue to invest in physical and digital infrastructure.

Key Performance Indicators

The College uses the following key financial performance indicators ("KPI's") to monitor overall performance against its financial strategy. Performance over the last two years shows:

KPI's	2023/24	2022/23
Surplus before gains and losses - £000	2,109	608
Cash (including short term bonds) - £000	6,357	4,955
Net Assets - £000	19,746	17,419
Current ratio	2.6	2.2

The College continued to operate in line with budget in 2023/24 and is reporting another year with an overall surplus in the Comprehensive Income and Expenditure account, a resilient net asset position and a reasonable cash reserve.

Adjusted KPI's

The surplus before gains and losses reported in the Comprehensive Income and Expenditure account includes revenues which are

- (i) Reserved for future capital works to develop the Old Library (2023/24: £3.0m and 2022/23: £0.5m)
- (ii) Invested for the long term in the College Endowment fund (2023/24: £Nil and 2022/23: £1.675m).

Without these two items the adjusted position would have been a deficit in both years.

Adjusted KPI's	2023/24	2022/23
(Deficit) before gains and losses - £000	(891)	(1,567)

Importantly RWCMD has a relatively strong balance sheet with adequate cash reserves allowing absorption of the adjusted deficits in the last two years.

Financial prospects

As noted above the Trustees and Senior Management Team are developing a sustainable future financial plan that seeks to protect reserves by reversing currently projected future deficits.

Financial Performance 2023/24 - Headlines from the Financial Statements

	2023/24 £000	2022/23 £000	Change £000
Total income	22,176	20,886	+1,290
Total expenditure	20,067	20,277	-210
Surplus before gains and losses	2,109	608	+1,501
Cash from operating activities	3,589	505	+3,084
Net assets	19,746	17,419	+2,327

Income

2023/24 saw continued increase in tuition fee income of £1,290k reflecting both additional headcount and inflationary increases in non-regulated fees, with a notable 26% increase in overseas income for the year. Funding from donations and endowments (which includes £3m donations towards future capital expenditure to develop the Old Library, which provides much needed additional space for students in Cardiff city centre) increased by 10% and other income increased by 19%, with investment income more than doubling this year.

Expenditure

Expenditure has fallen slightly by £210k (prior year was an increase of 12%). In year inflationary increases (including salaries) were absorbed together with delivering on in-year cost savings measures.

Cash generated from operating activities

Net cash from operating activities was £3,589k* in 2023/24 compared to £505k last year.

Other significant cash movements in the year included payments to acquire fixed assets of £1,239k** (2022/23: £1,285k) and the scheduled loan repayments to Barclays Bank plc (including interest) of £538k.

* This includes £3,000k of donations received towards future capital expenditure at the Old Library

** This includes capital expenditure of £816k on the Old Library

Net assets

The increase in net assets of £2,327k reflects the increase in total comprehensive income in the year.

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

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

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

Our students

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

Employees, employee involvement and Disabled Employees

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

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

Communication with all employees is undertaken through regular staff meetings and e-mails and occasional staff surveys.

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

Regulators

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

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

Suppliers

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

Communities and environment

We continue to invest in this area which is led by our Communities Engagement Partner. We've outlined some of the highlights of the past year in section 6 of this report.

We recognise the global climate emergency and have joined the many organisations around the world calling for urgent action to tackle climate change. Specifically, we have pledged to get to carbon net zero by 2040 and work with Race to Zero to support our commitment to a healthy and resilient zero carbon recovery.

4.3. Energy and Carbon Reporting

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

	2023/24	2022/23
Energy consumption used to calculate emissions (kWh)	2,860,358	2,520,255
Scope 1: emissions in metric tonnes CO2e		
Gas consumption	300	253
Own transport	32	12
Scope 2: emissions in metric tonnes CO2e		
Purchased electricity	252	219
Scope 3: emissions in metric tonnes CO2e		
Own transport	51	14
Business travel in employee-owned vehicles	5	5
Total gross emissions - Metric tonnes CO2e	640	503
Intensity ratio - tonnes CO2e per student	0.75	0.58

Qualification and reporting methodology

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

Intensity measurement

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

Measures taken to improve energy efficiency

All the College's electricity is sourced from green renewable sources and more than 85% of the conventional lighting installations have now use LED. Since 2021 the College has been replacing our fleet of diesel fuel vehicles with hybrid versions, along with reducing the size of our fleet overall. The 198Kw solar panel array installed on our North Road campus roof, in 2022, generated 193,785kWh in 2023/24. This array is capable of generating up to 40% of the average daily base load of electricity across the campus.

Working with the Welsh Government Energy Service we continue to identify and undertake remedial works, where possible and affordable, to improve insulation and reduce heat loss through the fabric of the building. The College is aiming to improve capturing and reporting of carbon production from its activities.

4.4. Principal risks and uncertainties

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

Financial health of the sector

As referenced in the Chair's Report, the HE sector is facing significant financial challenges with recent years of high levels of inflation impacting on core running costs, carrying the historic cap on undergraduate student fees in Wales together with the recent announcements of public funding cuts for HE in Wales from 2024/25 onwards. These factors are compounded at a time of diminished government finances and the prospect of any government intervention or support is considered unlikely in the short to medium term.

To manage these challenges and mitigate the impact of these risks, the Board and Senior Management Team have taken pro-active steps to protect reserves in the short to medium term with cost savings already delivered during 2023/24. A dedicated project team is now in place and developing longer term plans to drive financial sustainability that simultaneously create a framework to cut costs, but also creates a platform to adapt to competitive and future focused ways of working by investing in infrastructure (physical and digital) and adapting the ways in which we learn, teach and work.

Recruitment and retention of students

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

Fundraising

Fundraising support from trusts and foundations, public funders, businesses, and individuals continues to be essential to offering our students distinctive training and public performance opportunities. This support also ensures that, through scholarships and bursaries, young artists can more easily afford the cost of accessing a world class education to develop their creative talent and are not excluded from the opportunities the College offers them. In a highly competitive and challenging funding environment, the work of the Development Department is becoming ever more crucial to the College and, while the generosity of our supporters has resulted in another positive year, it is clear that there remains risk attached to the future targets that have been set.

Income generation

As reported last year, our income from commercial activities now fully recovered from the COVID-19 pandemic continues to grow steadily - underpinned by our loyal customer base and new audiences that contribute to strong box-office ticket sales, a packed facility hire and events programme and a very busy catering and bar operation. Our commercial income streams are projected to continue to grow in future years.

4.5. **Directors Report**

Directors

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

4.6. **Dividends**

The Directors do not recommend the payment of a dividend in respect of the year ended 31 July 2024 (2023 - £nil).

4.7. **Going concern**

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

The Directors have reviewed the College's cash flow forecasts for a period of at least twelve months from the date of approval of these financial statements (the going concern assessment period). After reviewing these forecasts, including compliance with current banking covenants and considering whether there are any material uncertainties, the Board are of the opinion that, taking account plausible downsides which reflect the risks and uncertainties described in this Trustees report and specifically in section 4.4, the College will have sufficient funds, to meet its liabilities as they fall due over the period reviewed. Accordingly, the financial statements have been prepared on a going concern basis.

4.8. Statement of Corporate Governance and Internal Control

Commitment to Best Practice in Governance

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

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

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

- Effective review by the College Board and relevant committees (including internal and external audit function)
- Control systems which include policies, objectives and plans, management of key risks and opportunities, monitoring of financial and operational performance, physical safeguarding of assets, segregation of duties, authorisation and approval procedures, and information systems
- The identification and management of risk embedded in all business operations and systems
- Adherence to the Committee of University Chairs Code of Governance

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

- A focus on the active management of risk as an integral part of the management process within every part of the organisation.
- Clearly identifying risks of various kinds to the achievement of its objectives. These risks may be strategic or operational and may present potential implications for the College's reputation, its financial position or its day-to-day operations or any combination thereof.
- Actively encouraging all managers to consider risk implications of each major decision, contract or project as a normal part of their day-to-day work.
- Integrating risk management into the annual planning process which is how the Executive determine and co-ordinate the College's activities.
- The Principal and the Senior Management Team endeavour to identify and focus on immediate and transient risks with strategic implications, which may change from week to week, as well as on the more substantial and permanent risks which are identified in the College's risk register.
- Managers are expected to link risk identification to action, whether in mitigation of the risk or in response to it.
- The Principal and the Senior Management Team work with the College managers and their teams to encourage and support effective risk management as part of the day-to-day management of the institution, and specifically to help them to identify, evaluate, manage and report risks.
- The risk register identifies significant risks and contains details of:
 - the nature of the risk
 - its potential impact
 - the likelihood of the risk crystallising
 - the 'owner' of the risk
 - the control processes which manage the risk
- USW through its Audit Committee agree an annual programme of audit work to be carried out across the group by its internal auditors. The approach to internal control is risk based: this

includes business, operational and compliance risks as well as financial risk. The College Board receives copies of the minutes of all USW Audit Committee meetings

- The University of South Wales' Audit Committee regularly reviews the adequacy of the process of risk management at the College as it continues to be developed

The Board is of the view that there is an ongoing process for identifying, evaluating and managing the College's significant risks, that it has been in place for the year ended 31 July 2024 and in place up to the date of approval of the Financial Statements and Annual Review, that it is regularly reviewed by the Board and that it accords with the internal control guidance for directors on the UK Corporate Governance Code as amended by the British Universities Finance Directors Group.

Board of Directors and its sub committees

The Board of Directors met four times during the reporting year. In terms of audit arrangements, whilst a separate College Audit Committee has not been established, all audit reports and reviews and other information relating to the College are formally received by the University of South Wales' Audit Committee which normally meet four times per year and acts as the College Board's Audit Committee. The annual report of the internal auditors is considered by the University's Audit Committee who approved the internal audit plan for the year. The College's Board of Directors receive all papers in respect of the audit plan for the year and its subsequent reports and findings.

4.9. Statement of disclosure of information to auditors

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

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

4.10. Directors' indemnities

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

4.11. Independent Auditors

The auditors, HaysMac LLP, were appointed in July 2024 and have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at a future meeting of the Board. On 19 November 2024 the company's auditor changed its name from Haysmacintyre LLP to HaysMac LLP.

By order of the board



W D Callaway
Company Secretary
25 November 2024

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

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

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

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

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

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

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

6. Objectives and activities for the public benefit

6.1. Charitable Objectives

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

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

6.2. Fulfilment of Charitable Objectives

Beneficiaries:

The College has a higher education student population of 853 students of whom 81% are UK and 18% from countries outside the EU. Those students are the primary beneficiaries receiving high-quality training in a range of performing arts disciplines. Other beneficiaries extend to younger students (from the age of four upwards) as well as employers and businesses in the creative industries sector which employ a high proportion of the College's graduates. The general public attend over 400 ticketed public performances each year in addition to occasional free concerts and other educational and cultural activities in the College, such as exhibitions, masterclasses and talks.

Admissions policy:

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

6.3. Public Benefit Statement

Bursaries, scholarships and funding support:

The College has been grateful to receive philanthropic donations and funding through the year to support students who experience financial hardship with bursaries, scholarships and wider support.

Our bursary scheme in 2023/24 provided financial support to all incoming UK undergraduates with household income below £30,000 a year and provided 36 first year students with financial assistance of either £800 or £1,200 according to their level of need. Across the whole scheme, in 2023/24, 123 students (22/23: 94 students) received bursaries, equating to around a quarter of the new intake of undergraduate students with 78 students (22/23: 33 students) receiving the highest level of support.

The bursary scheme has subsequently been enhanced in 2024/25, providing additional annual support of up to £1,500 for those UK Undergraduate Students with a household income below £35,000 a year.

This boost to the scheme was made possible with assistance from several individuals, businesses and trusts, donating in response to our 75th Birthday Appeal, which was focused on raising funds for bursaries.

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

Development and fundraising:

The College employs a professional fundraising team to seek and secure income from individuals, businesses, trusts and foundations and from fundraising events, to contribute to core costs, provide scholarships and bursaries, and support particular programmes, performances and projects. The College is registered with the Fundraising Regulator and notes in this report that no complaints have been received during the year in relation to fundraising. Across all fundraising activity, the College adheres to The Code of Fundraising Practice, including the guidance in relation to vulnerable donors.

£4.3m (2022/23 £3.9m) was realised by fundraising during the period exceeding the year's targets for both the core requirements and for the capital campaign for the Old Library. This success ensured that the College could continue to invest in its programmes and performances and support students with more scholarships and through the Bursary Fund to build better access and greater diversity in our student community.

The Old Library capital campaign, to fund the restoration and transformation of our campus in Cardiff's city centre, has been a notable success this year. The gifts received included £2m, in August 2023, from Sir Howard and Lady Stringer and was followed by the final part (£0.5m) of the Mosawi Foundation's lead gift to the capital campaign and an initial contribution of £0.5m from the Foyle Foundation received in May 2024.

The Development Department made use of the College's 75th Birthday milestone by mounting a continuous appeal throughout the year to build up the Bursary Fund. Securing gifts and pledges for student bursaries was also the focus of the London Gala fundraising event which was held at Shakespeare's Globe, fully underwritten by a generous gift from a loyal donor.

The second annual Shakespeare Prize took place at the Old Vic, London during the Spring Term. This prize is part of a wider initiative supported by the Backstage Trust that includes an annual Shakespeare production, National Theatre Live-style film, and free educational pack available to every school child in Wales. The Drama Department also received a notable donation from director and writer, Sean Mathias towards the College's Scholarship Programme, specifically for students in this area of study.

Scholarships continue to be a focus for the Development Department as this is a key area of support for our students. The College receives vital donations towards scholarships each year which are pivotal in helping over 100 RWCMD undergraduate and postgraduate students achieve their educational ambition and prepare them for their future in their chosen industry.

The College's regular giving programmes - Connect and The Chairs' Circle - continue to provide important unrestricted income for strategic priorities which assist with the development of the student experience at the College as well as financial assistance for the student performance programme.

The College would like to send its sincere thanks to the many individuals, businesses and charitable trusts that have supported scholarships, bursaries, special projects, prizes and other College and student activities during the period.

A full list of supporters can be viewed on the College website:

<https://www.rwcmd.ac.uk/support-us/thank-you>.

Widening Participation

Young RWCMD

After much consideration the College made the difficult decision in July 2024 to close its regular weekend music and drama provision for young people under 18. We have heard powerful individual stories of some of our Young participants and public concern expressed, which demonstrated how much people in Wales care about the role of music and drama in the lives of our young people. However, our decision was driven by the financial imperative we face. In the Welsh policy context and the reality of limited resource across the arts and education, RWCMD is not funded or tasked to provide a weekly service to school-age children, and there is a stark contrast with conservatoires in England that receive annual funding from the Music and Dance scheme for their specialist under-18 provision. But we do recognise the importance of nurturing young talent, and particularly the importance of ensuring that young people with the greatest ability and potential, whatever their geographic and socio-economic backgrounds, are empowered to develop as part of the talent pipeline to the creative industries. That pipeline is vital in Wales both in terms of honouring and continuing to develop Wales' distinctive and well-known cultural strengths, and in feeding the future of the creative industries with its huge economic, social, cultural and political benefits for Wales.

Our other work with young people continued and has reached almost 2,000 throughout Wales, since October 2022. This includes weekend immersive music workshops seeking to inspire participation from beginners through to emerging professionals (supported by the Mosawi Foundation); the National Open Youth Orchestra Ensemble Residency (in partnership with BBC NOW and Open up Music); and holiday courses in Production Arts (which continue to be sponsored by Bad Wolf). We will continue to deliver sustainable project work in this field in future year. This work sits alongside significant engagement with schools and communities that is embedded within our degree courses, including through partnerships with organisations addressing societal disadvantage/deprivation such as Making Music, Changing Lives in Ely, and the Oasis Centre in Splatt. The College has a deep commitment to enriching the cultural landscape of Wales and beyond, and the imperative to engage with young talent remains a central part of our ambition.

Given the continuing financial challenge, we recognise the need to think and work differently. The College is now working to scope a new partnership approach to supporting outstanding talent from across Wales, developing sustainable models in music and drama that will best serve young people from all backgrounds. We plan to work closely in partnership with key national organisations: National Youth Arts Wales (NYAW), the National Music Service for Wales (NMSW), the Urdd and Seren, and constructive discussions have already begun. We aim to map development pathways through to professional training (aligning with, for example, the NMSW's core objective in relation to pathways), and to understand where strengths and gaps lie and where RWCMD can play the most impactful, targeted role.

We consider that within the wider ecology RWCMD has a vital role to play as a convener, partner, a reference point for quality, and a route for entry to professional music and drama training at

undergraduate and postgraduate levels. The College adds specific value, particularly for those identified with exceptional ability and/or potential. It can work through special events and partnership workshops that inspire, through access to specialist tuition and instruments/equipment where appropriate, and through mentorship with our students as well as giving young people the opportunity to taste and get to know conservatoire study.

Community Engagement

By the end of this year, more than two dozen RWCMD residencies have now been established to support talent development for recent graduates and conservatoire musicians, creating opportunities for venues and business to expand their reach and appeal, and providing advanced student ensembles with scope to develop business and commercial skills for the future in collaboration with their host venue. All residencies are being renewed with re-engagement of resident ensembles and appointment of new artists. Health care settings have expanded the reach of our work with calls for interest enabling pilot work in City Hospice and Velindre Hospital.

Residencies beyond Cardiff are growing and in 2024, a pilot residency for wind ensemble for Hay Castle Trust generated performances at Hay Castle, Hay Festival and with Hay Music Trust, taking outreach projects into local schools to generate audiences for the Hay Music concert Series.

Our residency series with Music in Country Churches ("MCC") continues to thrive, and in the summer, Jose Matias became the most recent performer from the Royal Welsh College of Music and Drama to play in a Music in Country Churches concert with Strauss's violin concerto with the English Chamber Orchestra under the baton of Koen Kessels. The residency pilot began in July 2021, at a concert in St Nicholas Church, Dersingham, Norfolk. Laura Deignan, clarinetist, and recipient of the Sir Ian Stoutzker Prize played Gerald Finzi's Bagatelles with the English Chamber. Since that first concert, MCC has hosted six prizewinning RWCMD musicians at the start of their careers as professional musicians, including Mared Emyr Pugh-Evans whose professional solo debut was at an MICC concert in Holy Trinity, Minchinhampton in 2022. Mared was recently appointed Royal Harpist to His Majesty The King.

Rhosygilwen Mansion, Pembrokeshire has established a new residency partnership for up to five jazz musicians to establish a dynamic in-house Ensemble, to become an integral part of the Rhosygilwen calendar of activity and the growing creative community in Pembrokeshire. Graduate jazz quartet Halfway successfully bid for the residency, and will be required to self-manage, working with the Rhosygilwen team. The vision for the Rhosygilwen resident musicians is through the offer of rehearsal and performance space on pre-agreed dates to a group of enthusiastic individuals, as a desirable professional launchpad where participants can hone their craft and their practice as performers, and develop their professional communications, marketing, arts management, and business awareness in partnership with the Rhosygilwen team. The ensemble will help to build Jazz profile within the venue's artistic programme, and to grow professional experience and values as an ensemble, building a business in partnership with high commitment and organisation, self-managing as a team, and valuing the residency as a contract of engagement.

This year we've also worked with colleagues across the College to provide support for Student Recruitment for young people with Protected Characteristics - providing Open Day Support, increasing diversity of imagery in staff presentations, featuring recent graduates. We've held a number of workshops across the year, working with ethnically diverse young people and young people with disabilities. We have also worked in Merthyr Tydfil and Abercynon, focussing particularly on young people facing economic and social disadvantage.

Our new Community Ticketing Scheme was launched this year enabling members of some of Cardiff's WIMD areas to access occasional free tickets to performances at RWCMD. Also, eligible (referred through approved agencies) are asylum seekers and refugees, disabled people, Tempo Time Credit network members, care experienced children and young people and groups and individuals supported by Race Council Cymru and Chinese in Wales.

The National Open Youth Orchestra (NOVO) Cardiff Ensemble supported five auditioned members ranging from 12-23 years old during this academic year. Eleven Cardiff rehearsals fed into the UK network of NOVO Ensembles (Barbican, Bournemouth, Birmingham, and Bristol) with opportunities for Cardiff members to participate in collective NOVO projects between terms. Postgraduate student placements for RWCMD Arts Managers and advanced RWCMD students enabled deep interaction and peer-to-peer mentorship for our NOVO musicians, supported through partnership with BBC NOW, who provide free concert tickets for NOVO social events, and BBC instrumental tutors when required. Two performances in summer 2024 showcased the work of our NOVO ensemble, and increased audition applications were received, resulting in an ensemble of nine musicians for the 2024-2025 Academic Year.

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

Opinion

We have audited the financial statements of the Royal Welsh College of Music and Drama Limited ("the charitable company") for the year ended 31 July 2024 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the 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 charitable company's affairs as at 31 July 2024 and of the charitable company'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 charitable company 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 charitable company'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 Trustees' Report and the Chair's 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 Trustees' Report (which includes the strategic report and the directors' 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 strategic report and the directors' report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and 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 charitable company; or
- the charitable company 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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company 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 charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to compliance with company law and charitable law applicable to charitable companies in England and Wales, we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Further and Higher Education SORP 2019, Companies Act 2006, the Charities Act 2011, taxation legislation and pensions legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the improper cut-off of revenue other than that from student fees and management 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, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and

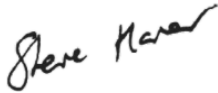
- Challenging assumptions and judgements made by management in their accounting estimates

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.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company'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
Dated: 28 November 2024

10 Queen Street Place
London
EC4R 1AG

**Statement of Comprehensive Income and Expenditure
for the Year Ended 31 July 2024**

	Notes	2024 £'000	2023 £'000
Income			
Tuition fees and education contracts	3	10,728	10,255
Funding body grants	4	4,277	4,411
Other income	5	2,333	1,966
Investment income	6	446	273
Total income before endowments and donations		17,784	16,905
Donations and endowments	7	4,392	3,981
Total income		22,176	20,886
Expenditure			
Staff costs	8	9,573	9,055
Other operating expenses		8,883	9,656
Depreciation	11	1,269	1,123
Interest and other finance costs	9	342	444
Total expenditure		20,067	20,277
Surplus before other gains and losses		2,109	608
Gain on disposal of fixed assets			8
Gain/ (loss) on investments	17	259	(83)
Surplus for the year		2,368	533
Actuarial (loss)/ gain in respect of pension schemes	23	(41)	2,913
Total comprehensive income/(expenditure) for the year		2,327	3,446
Represented by:			
Endowment comprehensive income	17	355	1,621
Restricted comprehensive income for the year	18	3,065	899
Unrestricted comprehensive (expense)/ income for the year		(1,093)	926
		2,327	3,446

All items of income and expenditure relate to continuing activities.

**Statement of Changes in Reserves
for the year ended 31 July 2024**

	Income and expenditure account			Revaluation	Total
	Endowment	Restricted	Unrestricted	reserve	
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2023	4,426	2,401	8,772	1,819	17,418
Surplus/(Deficit) for the year	355	3,065	(1,052)		2,368
Other comprehensive income			(41)		(41)
Balance at 31 July 2024	4,781	5,466	7,679	1,819	19,745

Balance Sheet
as at 31 July 2024
(Company Registration: 06013744)

	Notes	2024 £'000	2023 £'000
Non-current assets			
Tangible assets	11	24,796	24,827
Heritage assets	11	500	500
Other	11	135	135
		25,431	25,462
Current assets			
Stock		14	10
Trade and other receivables	12	629	316
Investments	13	8,109	7,079
Cash and cash equivalents	19	1,832	1,015
		10,584	8,420
Creditors: amounts falling due within one year	14	(4,183)	(3,870)
Net current assets		6,401	4,550
Total assets less current liabilities		31,832	30,012
Creditors: amounts falling due after more than one year	15	(11,915)	(12,409)
Provisions			
Pension provisions	16		
Other provisions	16	(171)	(185)
Total net assets		19,746	17,419
Restricted Reserves			
Income and expenditure reserve - endowment reserve	17	4,781	4,426
Income and expenditure reserve - restricted reserve	18	5,466	2,401
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		7,679	8,772
Revaluation reserve		1,819	1,819
		19,745	17,418
Share Capital		1	1
Total Reserves		19,746	17,419

The financial statements on pages 29 to 49 were approved and authorised for issue by the Board on 25 November 2024 and signed on its behalf by:



Michael Plaut OBE
Chair of Board of Governors

Cash Flow Statement
for the year ended 31 July 2024

	Note	2024 £'000	2023 £'000
Cash flow from operating activities			
Surplus before other gains and losses		2,109	608
Adjustment for non-cash items			
Depreciation	11	1,269	1,123
Gain/ (loss) on investments		259	(83)
Profit on disposal of fixed assets			8
(Increase)/ decrease in debtors	12	(313)	14
(Increase)/ Decrease in stock	12	(4)	
Increase in creditors	14, 15	304	180
LGPS Pension costs less contributions payable		(53)	354
Capital grant income	14	(293)	(380)
Adjustment for investing or financing activities			
Interest payable	9	345	357
Endowment income	7	(33)	(1,675)
Net cash inflow from operating activities		3,590	505
Cash flows from investing activities			
Movement in investments		(1,030)	370
Payments made to acquire fixed assets	11	(1,239)	(1,285)
		(2,269)	(915)
Cash flows from financing activities			
Interest paid		(345)	(357)
Endowment income		33	1,675
Repayments of amounts borrowed		(192)	(1,347)
		(504)	(29)
Increase/ (decrease) in cash and cash equivalents in the year		817	(440)
Cash and cash equivalents at beginning of the year	19	1,015	1,453
Cash and cash equivalents at end of the year	19	1,832	1,015
Movement		817	(440)

Analysis of changes in net debt	As at 1 Aug 2023 £'000	Cashflows £'000	Other Changes £'000	As at 31Jul2024 £'000
Cash at bank and in hand	1,015	817		1,832
Debt due within one year	(192)	192	(201)	(201)
Debt due within more than one year	(5,378)		201	(5,177)
	(4,554)	1,009		(3,546)

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

1 Basis of Preparation

The Company is a United Kingdom private company limited by shares. It is both incorporated and domiciled in England and Wales. The registered office address is Castle Grounds, Cathays Park, Cardiff, CF10 3ER. The Company is also registered as a charity with the Charity Commission under registered charity number 1139282. It is a subsidiary company of the University of South Wales which is its sole member.

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

Going Concern

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

The Directors have reviewed the College's cash flow forecasts for a period of at least twelve months from the date of approval of these financial statements (the going concern assessment period). After reviewing these forecasts, including compliance with current banking covenants and considering whether there are any material uncertainties, the Board are of the opinion that, taking account plausible downsides which reflect the risks and uncertainties described in this Trustees report and specifically in section 4.4, the College will have sufficient funds, to meet its liabilities as they fall due over the period reviewed. Accordingly, the financial statements have been prepared on a going concern basis.

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

2 Accounting policies

Income recognition

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

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

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

Grant Funding

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

Donations and Endowments

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

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

The main types of donations and endowments identified within reserves are:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College
3. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective
4. Unrestricted donations – the donor has not specified conditions associated with the donation

Capital grants

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

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

2 Accounting policies (continued)

Accounting for retirement benefits

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

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

Under IAS 19, the College considers the recoverability of any pension surplus and determines if there is any economic benefit available to the company to enable the recovery of this. Where the College believes there is no economic benefit, this surplus is not recognised as a recoverable asset.

Employment Benefits

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

Early Retirement Provision

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

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

Operating Leases

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

Tangible Fixed Assets

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

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

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

2 Accounting policies (continued)

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

Land and buildings

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

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

Land was revalued to fair value on 1 August 2014, the date of transition to the 2015 Further and Higher Education SORP, resulting in a revaluation reserve of £1,819,000. Land, whether freehold or leasehold, is not depreciated as it is considered to have an indefinite useful life.

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

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

Fixtures, fittings and plant and machinery

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

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

Category of asset	Depreciation rate
Fixtures and fittings	7 years straight line
Plant and machinery	Between 3-10 years straight line

Heritage Assets

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

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

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

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

2 Accounting policies (continued)

Investments

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

Cash

Cash includes cash in hand and cash equivalents.

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

Taxation

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

Loans

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

Reserves

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

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

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 amount of assets, liabilities, income and expenses. Actual amounts may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

8 Staff costs

	2024	2023
Staff Costs	£'000	£'000
Salaries	7,465	6,825
Social security costs	685	629
Other pension costs	1,423	1,600
Total	<u>9,573</u>	<u>9,055</u>

Included in other pension costs are £1,052k (2023 : £911k) for defined contribution schemes.

Staff costs above include redundancy costs of £415k (2023: £Nil).

Further to the amounts shown above, the College was charged £2,615k (2023: £1,900k) for services provided by PSS*
These costs are reported in other operating expenses in the Statement of Comprehensive Income and Expenditure.

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

Remuneration of directors and higher paid employees

(a) Directors and higher paid employees:

	2024	2023
Salary	£'000	£'000
Benefits	320	324
Pension contributions to LGPS	3	3
	57	57
	<u>380</u>	<u>384</u>

(b) Emoluments of the Principal:

	2024	2023
Salary	£'000	£'000
Benefits	170	164
Pension contributions to LGPS	3	3
	29	27
	<u>202</u>	<u>194</u>

Remuneration of the Principal of the College expressed as:

	2024	2023
Basic salary as a multiple of the median basic salary of all staff	4.21	4.43
Total remuneration as a multiple of the median total remuneration to all staff	4.05	5.12

Remuneration of higher paid staff (excluding employer's pension contributions):

	Number	Number
£100,000 to £109,999	-	1
£110,000 to £119,999	1	-
£160,000 to £169,999	-	1
£170,000 to £179,999	1	-

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

	2024	2023
Academic	109	116
Other	66	60
	<u>175</u>	<u>176</u>

In addition to the above, the numbers of full time equivalent staff employed by PSS and providing services during the year to RWCMD was 83 (2023: 63).

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

8 Staff costs (continued)

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

	2024	2023
Academic	234	221
Other	80	91
	314	312

Average headcount of staff employed by PSS and providing services during the year to RWCMD was 132 (2023: 150).

Trustee expenses

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

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

The total expenses paid to or on behalf of Trustees was £4,383 (2023 - £1,046).

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

	2024	2023
	£'000	£'000
9 Interest and other finance costs		
Loan interest	345	357
Net (credit)/ charge on pension scheme (see note 23)	(3)	87
	342	444

	2024	2023
	£'000	£'000
10 Analysis of total expenditure by activity		
Academic and related expenditure	12,143	12,418
Administration and central services	3,139	3,670
Premises	3,017	2,716
Residences, catering and conferences	789	418
Other expenses	979	1,055
	20,067	20,277

Other operating expenses included:

	2024	Restated ¹
	£'000	2023 £'000
External auditor's remuneration in respect of audit services	28	34
External auditor's remuneration in respect of non audit services	5	5
Operating lease rentals - other	258	254

1. 2023 operating lease rentals corrected to include annual rent payable for workshop premises and excludes service costs on the piano lease.

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

11 Tangible Assets	Freehold Land and Buildings	Leasehold Land and Buildings	Plant and Machinery	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
Restated ¹					
At 1 August 2023	27,893	2,667	4,920	1,661	37,141
Additions	-	811	288	140	1,239
Disposals	-	-	-	-	-
At 31 July 2024	27,893	3,478	5,208	1,801	38,380
Accumulated depreciation					
Restated ¹					
At 1 August 2023	6,612	1,344	3,132	1,227	12,315
Charge for the year	469	110	576	114	1,269
Disposals	-	-	-	-	-
At 31 July 2024	7,081	1,454	3,708	1,341	13,584
Net book value					
At 31 July 2024	20,812	2,024	1,500	460	24,796
At 31 July 2023	21,281	1,323	1,788	434	24,827

Included in the net book value of fixed assets is aggregated interest capitalised of £266k (2023 - £274k).

Heritage Assets

	Heritage Assets £'000	Total £'000
Cost		
At 1 August 2023	500	500
At 31 July 2024	500	500

The Heritage Assets stated above are the Foyle Opera Rara Collection. The College acquired the collection from Opera Rara in 2018 following a major grant from the Foyle Foundation for a purchase price of £500,000. The Collection had previously been valued by Christie's in 2016 and at that time it was thought if the entire collection was negotiated *en bloc* for sale, this could achieve a sales price between £415,000 - £545,000.

Opera Rara

Opera Rara is a UK based opera company founded by Patric Schmidt and Don White in the early 1970's. The company specialise in bringing rare and forgotten operas back to life. The Opera Rara catalogie comprises over 100 titles, including 60 complete opera recordings and their work has led to a fundamental revaluation of the reputation of Donizetti, Pacini, Offenbach and Mercadante, changing the way in which these composers are perceived internationally.

Foyle Opera Rara

The collection was largely amassed by the founders who travelled through Europe, scouring music shops and book shops, collecting items they thought were interesting. Because of this, the collection is extremely varied.

The collection is free to access and open to everyone. Items from the collection are put on public display from time to time in various temporary exhibitions.

The College is currently in the process of cataloguing the collection and maintains the condition of the collection by housing it within a designated and managed area. The Collection is currently stated its purchase price and insurance valuation at the year end date. The Trustees review this annually and do not consider there has been any impairment to the collection at the balance sheet date.

Other Assets

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

1. 2023 Leasehold Land and Buildings opening balances (cost and accumulated depreciation) adjusted to include Assets Under Construction (planning and design fees on the Old Library capital redevelopment). Previously included in Plant and Machinery.

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

12 Trade and other receivables

	2024	2023
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	150	154
Other receivables	2	3
Prepayments and accrued income	399	126
Amounts due from parent undertaking	78	34
	<u>629</u>	<u>316</u>

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

13 Investments

	2024	2023
	£'000	£'000
Short term investment in shares	3,584	3,140
Short term bonds	4,525	3,940
	<u>8,109</u>	<u>7,079</u>

14 Creditors : amounts falling due within one year

	2024	2023
	£'000	£'000
Secured loans	201	192
Amounts owed to parent undertaking	220	57
Other creditors	214	182
Trade payables	637	464
Social security and other taxation payable	154	160
Accruals and deferred income	2,757	2,815
	<u>4,183</u>	<u>3,870</u>

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

Deferred income

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

	2024	2023
	£'000	£'000
Other income	491	412
Deferred capital grants (see notes 4 and 5)	293	380
	<u>784</u>	<u>792</u>

**Notes to the financial statements
for the year ended 31 July 2024**
15 Creditors : amounts falling due after more than one year

	2024 £'000	2023 £'000
Deferred capital grant	6,738	7,031
Secured loans	5,177	5,378
	11,915	12,409

Analysis of secured loans:

	2024 £'000	2023 £'000
Due within one year or on demand (as per Note 14)	201	192
Due between one and two years	211	201
Due between two and five years	700	665
Due in five years or more	4,266	4,512
Due after more than one year	5,177	5,378
Total secured and unsecured loans	5,378	5,569
Secured loan repayable by 2041*	5,378	5,569
	5,378	5,569

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

	Interest	Repayment	Term	2024 £'000	2023 £'000
Barclays Bank					
All tranches	6.33%	Quarterly	33 years (to 2041)	4,966	5,177

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

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

There is currently no charge registered in this regard and based on the College's projections the Trustees consider it unlikely that the circumstances will arise within 12 months from the date of approval of these financial statements, which would require such a charge to be granted.

16 Provisions for liabilities

	Pension scheme provision under FRS102 £'000	Defined Benefit Enhanced Provision £'000	Other Provisions £'000	Total £'000
At 1 August 2023	-	150	35	185
Reduction in year (see note 23)	-	(14)	-	(14)
At 31 July 2024	-	136	35	171

Other provisions includes an estimate for the future dilapidation remedial works on a College rented property. The estimated cost is reviewed on an annual basis.

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

17 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Unrestricted permanent endowments	Year to 31 July 2024	Year to 31 July 2023
	£'000	£'000	Total £'000	Total £'000
Opening Balances				
Capital	2,047	2,063	4,110	2,519
Accumulated income	93	223	316	286
	<u>2,140</u>	<u>2,286</u>	<u>4,426</u>	<u>2,805</u>
Endowment income	33	-	33	1,675
Investment income	57	61	118	90
Expenditure	(7)	(48)	(55)	(60)
Increase / (decrease) in market value of investments	125	134	259	(83)
	<u>208</u>	<u>147</u>	<u>355</u>	<u>1,621</u>
Total endowment comprehensive income for the year				
	<u>2,348</u>	<u>2,433</u>	<u>4,781</u>	<u>4,426</u>
Closing Balances				
Represented by:				
Capital	2,206	2,197	4,403	4,111
Accumulated income	142	236	378	315
	<u>2,348</u>	<u>2,433</u>	<u>4,781</u>	<u>4,426</u>
Analysis by type of purpose:				
Scholarships and prize funds	2,348	2,433	4,781	4,426
	<u>2,348</u>	<u>2,433</u>	<u>4,781</u>	<u>4,426</u>
Analysis by asset				
Current asset investments			4,467	4,035
Cash and cash equivalents			314	391
			<u>4,781</u>	<u>4,426</u>

18 Restricted Reserves

	Year to 31 July 2024	Year to 31 July 2023
	Total £'000	Total £'000
Opening Balances		
	2,401	1,501
New donations	3,724	1,627
Expenditure	(659)	(727)
Total net restricted comprehensive income for the year	<u>3,065</u>	<u>899</u>
Closing balances	<u>5,466</u>	<u>2,401</u>

**Notes to the financial statements
for the year ended 31 July 2024**
18 Restricted Reserves (continued)

	2024 £'000	Restated ¹ 2023 £'000
Analysis of other restricted funds /donations in the year by type of purpose:		
Scholarships and prize funds	615	1,006
Specific projects	53	91
Old Library capital development	3,000	500
Other	56	30
	3,724	1,627

19 Cash and cash equivalents

	At 1 August 2023 £'000	Net Cash Flows £'000	At 31 July 2024 £'000
Cash and cash equivalents	1,015	817	1,832
	1,015	817	1,832

20 Lease obligations

Total rentals payable under operating leases:

	2024 £'000	Restated ² 2023 £'000
Payable during the year	258	254
Future minimum lease payments due:		
Not later than 1 year	289	258
Later than 1 year and not later than 5 years	1,184	1,079
Later than 5 years	2,865	2,997
Total lease payments due	4,338	4,334

The College entered into a 99-year lease with Cardiff Council on 23 June 2023 in respect of the Old Library in Cardiff City Centre with annual rental payments of £133,000. There is now a strong expectation (subject to final negotiations) that the College and Cardiff Council will agree a variation to the lease, in 2024/25, which will remove the remaining rental obligations for the remaining term of the lease. Therefore, the above table excludes any future obligations in this regard.

21 Related Parties

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

A close family member of the Chair of Governors is employed by the College and was remunerated, at an arm's length basis, £2,209 for their teaching services. There are no other related party transactions to be reported.

22 Ultimate Parent Undertaking

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

University of South Wales, Pontypridd, Wales. CF37 1DL.

1. 2023 analysis of other restricted funds /donations by type of purpose corrected to show breakdown of donations, rather than breakdown of restricted expenditure which was incorrectly shown in the prior year.

2. 2023 operating lease rentals corrected to include annual rent payable for workshop premises and excludes service costs on the piano lease.

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

23 Pension Schemes

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

Teachers' Pension Scheme

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

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

Latest actuarial valuation 31 March 2020

Valuation of the assets at date of last valuation £222.2 million (estimated future contributions together with notional investments held at 31 March 2020).

The contribution rate increased from 23.68% to 28.68% on 1 April 2024.

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

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

Rhondda Cynon Taff Pension Scheme

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

The scheme is valued every three years, the latest having been undertaken by independent consulting actuaries, Aon Hewitt, as at 31 March 2022.

Assumptions

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

	2024	2023
	% pa	% pa
Price Inflation (CPI)	2.70	2.85
Rate of increase in pensionable salaries	3.70	3.85
Discount rate/interest income on assets	5.00	5.10

Assumptions for the current accounting period have been chosen with reference to the duration of the Employer's liabilities. This has been estimated as approximately 20.8 years.

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

	2024		2023	
	Males	Females	Males	Females
Pensioner aged 65	21.5	24.1	20.9	23.6
Active member aged 65	22.8	25.6	21.8	24.7

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

23 Pension Schemes (continued)

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

	2024	2023
	£'000	£'000
Equities	12,502	12,208
Government bonds	2,179	1,685
Corporate bonds	2,882	2,067
Property	1,183	1,233
Other	373	156
Cash	29	17
Total	<u>19,148</u>	<u>17,366</u>

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

	2024	2023
	£'000	£'000
Fair value of fund assets	19,147	17,366
Present value of defined benefit obligation	(16,325)	(16,146)
Pension asset before adjustments	<u>2,822</u>	<u>1,221</u>
Effect of asset ceiling (FRS 102 para 28.22)	<u>(2,822)</u>	<u>(1,221)</u>
Net pension asset/(liability) recognised on Balance Sheet	<u>-</u>	<u>-</u>

The Trustees have considered the recoverability of the surplus and do not believe there is any foreseeable likelihood of any economic benefit to the College. Therefore, the IAS approach has been taken not to recognise this surplus in the financial position of the College and to cap the surplus to £Nil as considered acceptable under FRS 102.

	2024	2023
	£'000	£'000
Current service cost	365	682
Past service and administration charges	12	12
Total operating charge	<u>377</u>	<u>694</u>

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

	2024	2023
	£'000	£'000
Interest cost	816	672
Expected return on assets	(826)	(589)
Net (credit) / charge to other finance income	<u>(10)</u>	<u>82</u>

Payments to the Fund

(413)	(413)
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(Credit) / charge to Income and Expenditure Statement

(46)	364
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Analysis of other comprehensive income for RCTPF pensions:

	2024	2023
	£'000	£'000
Gains/ (losses) on assets	855	(200)
Experience gain / (loss) on liabilities	701	4,339
Experience (loss)/ gain on liabilities (Enhanced Provision on Termination)	(6)	(6)
	<u>1,550</u>	<u>4,133</u>

Notes to the financial statements

for the year ended 31 July 2024

23 Pension Schemes (continued)					
History of experience gains and losses – RCTPF pensions					
	2024	2023	2022	2021	2020
Difference between actual and expected return on scheme assets (£m)	855	(200)	(2,253)	3,314	803
Experience losses/(gains) on scheme liabilities (£m)	701	4,339	10,438	(3,241)	(1,082)
Cumulative actuarial loss recognised as other comprehensive income for RCTPF			2024		2023
			£'000		£'000
Cumulative actuarial (gains) / losses recognised at the start of the year			(9,454)		(5,314)
Cumulative actuarial (gains) / losses recognised at the end of the year			(11,009)		(9,454)
Analysis of movement in (deficit) / surplus for RCTPF pension			2024		2023
			£'000		£'000
Deficit at beginning of year			-		(2,555)
Contributions or benefits paid by the College			413		413
Current service cost			(365)		(682)
Other finance charge			(2)		(95)
Actuarial gain recognised in other comprehensive income			1,556		4,139
Surplus at end of year			1,602		1,221
Effect of asset ceiling (FRS102 para 28.22)			(1,602)		(1,221)
Net pension asset recognised on Balance Sheet			-		-
Analysis of movement in the present value of LGPS liabilities			2024		2023
			£'000		£'000
Present value of RCTPF liabilities at the start of the year			16,146		19,247
Current service cost (net of member contributions)			365		682
Interest cost			815		672
Actual member contributions (including notional contributions)			206		209
Actuarial (gain) / loss			(701)		(4,339)
Net benefits paid			(506)		(323)
Past service costs			-		-
Present value of RCTPF liabilities at the end of the year			16,325		16,146
Analysis of movement in the fair value of scheme assets			2024		2023
			£'000		£'000
Fair value of assets at the start of the year			17,366		16,690
Expected return on assets			826		589
Actuarial (loss) / gain on assets			855		(200)
Actual contributions paid by College			413		413
Actual member contributions (including notional contributions)			206		209
Net benefits paid			(506)		(323)
Administration expenses			(12)		(12)
			19,148		17,366
RCTPF assets do not include any of the College's own financial instruments, or any property occupied by the College.					
Actual return on Scheme assets			2024		2023
			£'000		£'000
Expected return on Scheme assets			826		589
Asset gain /(loss)			855		(200)
			1,681		390