

Royal Welsh College of Music and Drama Limited

Coleg Brenhinol Cerdd a Drama Cymru Cyfyngedig

Annual Report and

Financial Statements for the year ended

31 July 2013

**Financial Statements for the year ended
31 July 2013**

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Chairman's report for the year ending 31 July 2013

In July 2012 the Board approved a five year strategy to underpin the College's development from 2012/13 to 2016/17. This strategy focuses on establishing the College as a conservatoire of international renown in a highly competitive marketplace. It is designed to enable the College to:

- compete successfully at the forefront of its UK and international peer group
- achieve its full potential as a world class cultural institution
- make a distinctive contribution to the cultural and economic life of Wales
- enhance the 'Wales brand' on an international stage
- retain and maximise the benefits of its Royal designation
- continue to deliver its unique mission within a reconfigured Welsh HE landscape.

The five year strategy is predicated on further enhancing the student experience to ensure that the College's students can successfully enter and succeed in the employment market as distinctive, highly-skilled and creative young professionals.

The College embarked on this strategy with considerable assets – a committed and talented core staff; productive partnerships with leading industry organisations; world class performance facilities; successful alumni who carry our name and reputation across the industry; an ambitious and creative community with a keen sense of its identity as the Royal Welsh College.

The financial strategy takes into account the start of repayments of the capital element of the bank loan of £7million, the requirement to build funds to enable the College to meet the repayable element (£3.75million) of the HEFCW Capital grant from 2018 onwards, to rebuild financial reserves and to satisfy its bank covenants.

The strategy articulates a set of ambitious development plans and actions, designed to further enhance the employability and professionalism of our students while, at the same time, significantly advancing the College's profile within its peer group and the wider industry.

There have been a number of developments during the year which have made a positive contribution to delivering on the aims of the College's Five Year Strategy.

The College took advantage of a number of high profile opportunities to launch a major scholarship campaign six months earlier than anticipated, linking it to a visit by the College's Patron, HRH The Prince of Wales, on St. David's Day 2013 and his generous agreement to allow the College to designate five 'Prince of Wales Scholars', supported by the Arts Council of Wales. At the same time, the College worked in partnership with the Welsh Government to provide a significant platform to simultaneously launch the scholarship campaign in Los Angeles, targeting leaders of the TV and Film industries and a significant number of Welsh diaspora who are connected to the US industry. The event was designed to meet the Welsh Government's priority to promote Wales as a destination for high end TV Drama to 120 leaders of the TV and Film industries. This was combined with a ceremony to unveil a star for Richard Burton on the Hollywood Boulevard. The US events were jointly hosted by the College's President, Lord Rowe Beddoe, Michael Sheen (International Chair) and Edwina Hart AM, then Minister for Business, Enterprise, Technology and Science.

In the last year, the funding available for annual scholarships has doubled and the College has identified a network of individuals with an interest in the performing arts and with tangible links to Wales, a number of whom have the capacity to help the College to develop its Scholarship endowment.

The Welsh Government also made a significant investment to enable the College to host *World Stage Design 2013*, which fulfilled and in many ways exceeded expectations, attracting approximately 10,000 visitors including the leading international practitioners in performance design and technical theatre.

The performance programme goes from strength to strength. In addition to its core purpose of providing a major training vehicle for students across all disciplines, the public performance programme makes a major contribution to cultural provision in South Wales. It increased its audience by 11% in 2012/13. During the year, the College took advantage of every opportunity to raise the profile of the Dora Stoutzker Hall and the Richard Burton Theatre to arts audiences in South Wales and also, through broadcasting and UK media, to audiences and opinion formers across the UK. Extensive audience research conducted by Audiences Wales over a three year period, demonstrates that the College is now one of the major providers of arts performance in Wales and, in some genres, is the leading provider.

The profile of the College brand was heightened further when, for the first time since 2007, the Royal Welsh College of Music and Drama achieved a discrete presence in national league tables to significant advantage, with its Drama training ranked as the top Drama training programme in the UK in the Guardian University League Tables for 2013/14. Its Music offer was ranked as 14th across the Higher Education sector and 5th within the UK Conservatoire sector.

The College has continued to see strong student recruitment as well as enhancements in the quality of the intake. For 2013 the number of incoming students is above target and includes a significant number of students marked at audition and interview in the higher quality bands. There is continued focus on the concerns raised by students in the National Student Survey. Overall satisfaction scores in Drama are over 95% and while there have been some areas of improvement in Music the overall satisfaction score for Music remained stubbornly below 70%. The College will continue to work closely with the SU Executive and has agreed a joint campaign looking forward to 2013/14.

Other important figures relating to the student experience include a 97.7% retention rate and 86.1% of graduating students in 2012/13 achieved first-class or upper second class awards.

The College has increased its International Chairs from five to eight with the generous support of the Jane Hodge Foundation.

Throughout the year, the Royal Welsh College has contributed to a range of external initiatives which point to a heightened external profile and awareness of the institution and its staff:

- Sean Crowley (Director of Drama, Head of Production and Design) and Ian Evans (Head of Technical Theatre) are playing a leading role in an EU funded project to establish in Serbia a national training infrastructure for theatre technicians.
- Hilary Boulding (Principal) was a member of the Steering Group for the Welsh Government's Review of the Arts in Education in the Schools of Wales and is a member of the Broadcasting Advisory Panel, reporting to the First Minister, advising on Public Service Broadcasting for Wales.
- Andrew Miller (Head of Creative Performance) is a member of the Arts Council of Wales and a member of the REF Panel for the performing arts.
- The College initiated the South East Wales Orchestral Consortium, which now receives funding from the Arts Council, to stimulate audiences for classical music in Cardiff.
- The College is managing an options appraisal for the Drama Association Wales (DAW), funded by the Arts Council, to identify a viable operational model for the extensive library collection owned by the DAW.

Overall the College made significant progress on each of the four key aims and objectives of the Five Year Strategy:

- To significantly advance the position and profile of the Royal Welsh College of Music and Drama within its peer group and the wider industry, in the UK and internationally
- To deliver a vibrant performance programme at the heart of the RWCMD training experience
- To establish the College as a premier arts destination and deliver a first class customer experience
- To fully inhabit the College's role as the National Conservatoire of Wales

Amongst a range of external indicators of our progress, perhaps the one that most encapsulates our ambitions and aspirations was a review of *World Stage Design 2013* by Rupert Christianson for the Daily Telegraph, in which he wrote:

"The Royal Welsh College of Music and Drama in Cardiff has recently become a powerhouse of innovation and collaboration across the performing arts. This week the conservatoire has pulled off another impressive coup as it hosts World Stage Design 2013 – a vast and exciting exhibition....."

The review of progress of the first year's implementation of the strategy, leads us to conclude that there is potential for the College to achieve another material step-change in its activity going forwards, that would enable it to further extend its reach, impact and public value. The wider role we envisage would enable us to:

- reinforce the current Conservatoire operation
- enhance the quality and range of what we can offer our students
- further enhance the brand and profile of the Royal Welsh College and,
- redefine the role of a national conservatoire in the 21st century.

I would also like to thank the Principal and all College staff for their contribution to a successful year.



Gareth Williams
Interim Chairman

Public Benefit Statement

The Royal Welsh College of Music and Drama is a registered charity. The registered address is University of South Wales, Treforest, Pontypridd, CF37 1DL and the registered number is 1139282. The members of the Board are the trustees of the Charity and as such have due regard to the Charity Commission's guidance on public benefit and its supplementary guidance on the advancement of education for the public benefit.

Charitable Objectives

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

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

Fulfilment of the charitable objectives

Beneficiaries

The College has a higher education student population of 721 of whom 84% are UK domiciled and 16% from Europe and overseas. The primary beneficiaries are students of the College directly engaged in high-quality training in a range of performing arts disciplines. However, beneficiaries extend to Pre-College 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 can attend over 300 public performances a year as well as other educational and cultural activities in the College, such as exhibitions, masterclasses and talks.

Admissions policy

The Royal Welsh College seeks to recruit the most able and talented students, as well as those who exhibit exceptional potential. Within its undergraduate programmes, demand for places far exceeds supply. As an illustration, in 2013 the College auditioned 863 applicants for 24 places on its BA Acting programme. The procedures for selection and expectations are adjusted accordingly. Selection is normally conducted by audition (Music and Acting), interview or portfolio submission (Theatre Design).

Bursaries/scholarships

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

A high percentage of students enrolled on the College's junior music and young actor programmes are in receipt of bursary support to enable them to access the College's tuition, regardless of financial need. The College sources this bursary support from a combination of public funds, Trusts, Foundations and philanthropic donors. In 2012/13 approximately 64% of junior students received some degree of bursary assistance.

The College operates a limited number of scholarships as a means of attracting the most gifted students and in order to achieve balanced cohorts of students to enable training in recognised core ensembles. Scholarships are offered on the basis of both excellence and need (i.e. the financial need of the applicant).

The College is grateful to a number of Charitable Trusts and Foundations for their generosity in providing scholarship and bursary funds. Amongst others, these include the Andrew Lloyd Webber Foundation, the Ashley Family Foundation, EMI Music Sound Foundation, the Leverhulme Trust, the

Mackintosh Foundation, the Richard Carne Trust, the Wolfson Foundation, the Simon Gibson Charitable Trust, the Spielman Charitable Trust and the Worshipful Company of Musicians. Each of these bodies exercises its own method of allocating its funds; some operate via a system of nomination to the relevant Trust, others by direct award from the College.

Widening Participation

The College's main vehicle for widening participation and access is through its junior programmes of training and an extensive community engagement programme which is described below.

In 2012/13, 157 young musicians from the age of 4-19 received weekly tuition on Saturdays in the Junior Conservatoire. On Sundays, 135 young actors under the age of 20 took part in the Young Actors' Studio (YAS) Acting Course or Theatre Workshop. In addition, 100 children and young people attended the College each week for music lessons through the Community Music Lesson Scheme.

The progression rate into HE of Junior Conservatoire students (many of whom come from financially disadvantaged backgrounds) remains 100%. All 18-year old Juniors leaving in 2013 successfully gained a place onto an undergraduate degree course, most to conservatoires, including two to the College. The progression rate achieved by the YAS in 2013 was exceptional, with five students successfully gaining places on the College's BA Acting Course.

A series of consultation events were held to assess the feasibility of rolling out some Junior Conservatoire and YAS activities in areas around Wales. The College plans to deliver a pilot Young Actors Studio in Pembrokeshire in 2014.

The College delivers an extensive programme of outreach activity across Wales, comprising concerts and workshops delivered in a wide range of school and community settings. In 2012/13, over 8,433 people (mainly children and young people) participated in these, the highest ever number. This activity was delivered in addition to a series of 'in-reach' concerts and activities targeted at children and young people. The 'in reach' programme was generously supported for a second year by the Esmée Fairbairn Foundation.

The College's summer school programme in 2013 attracted 206 participants from around the UK and overseas. These included a new Music Theatre course for 15-18 year olds, as well as a range of very well established courses: jazz for under-18s, the opera intensive for adults, the 3-day-workshop for visually impaired musicians, the specialist corset-making course, the series of YAS acting courses for young people and adults.

Community Engagement

The College promotes an extensive public performance programme. In 2012/13 the College attracted a total audience of over 56,000 people to a diverse arts programme that ranged from comedy to cabaret, contemporary dance to film, devised theatre to a children's arts festival, Latin American music to Verdi.

Across the year, the College delivered a range of free events aimed at the wider Cardiff community including the weekly *Jazztime* foyer performances, tours of the building, exhibitions of theatre design, painting and photography by students and professional artists and a Children's Arts Festival featuring music performances & workshops delivered by students and professional theatre productions & literary events.

The College continued to promote productions and performances tailored for schools and families – these included seasonal events such as our Fireworks Concert, Ghostbusters Halloween Concert, Beasts & Beauties and a specially-commissioned children's work, Santa's Stressful Day.

The Arts Council of Wales has committed funding to the College for the first time to support a national touring JazzTime programme and the introduction of a jazz festival at the College, commenting that the College has "transformed itself not only physically but also philosophically".

Directors' report for the year ended 31 July 2013

The directors present their report and the audited financial statements of the Company for the year ended 31 July 2013. The financial statements have been prepared to comply with the Companies Act 2006 and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards.

Principal activities

The Company's principal activity during the period under review was conservatoire education and professional training.

Business review

Student recruitment continues to be strong reflecting the demand for the College's brand of quality Conservatoire training. The strong demand for places enables the College to increase the quality of incoming students leading to an increase in the overall quality of the College. This is reflected in league tables with the Drama training programme ranked first in the UK in the Guardian University League Tables in 2013/14 while the Music course was ranked 14th across the HE sector and 5th within the UK Conservatoire sector.

The demand from postgraduate and overseas students also continues to be strong with the College meeting its recruitment targets.

The College's graduating students achieved significant success academically and the College's strong track record in retaining students was maintained, with 97.7% retention in 2012/13.

In 2012/13, the College's student body was characterised by the following:

- above average UCAS scores
- 97.7% retention rate
- 86.1% of graduating students achieved first-class or upper second class awards
- 74% of students domiciled outside Wales
- 16% of students domiciled outside the UK (EU and overseas)
- The College will continue to increase its overseas student numbers to around 10% of the total student population over the period to 2017/18. As identified in the 'Principal Risks' section, this remains an area of risk in light of the world economy. However, the College is confident that it can attract both the number and quality of overseas students in order to create a culturally diverse student body.

Some other highlights of the year included:-

- attracting audience attendances of over 56,000 at performances during the year which represented an 11% increase in previous audience numbers. The performance programme is fundamental to the student learning experience by enabling access to world class performers in a range of disciplines as well as providing an important income stream;
- the launch of a major scholarship campaign to yield sufficient scholarships to enable the College to attract the most gifted students. This doubled the funding available for scholarships;
- other income generating activities within the College (including external hires and conferences, the junior conservatoire, young actors studio as well as summer schools) all met or exceeded their financial targets during the year.

The results section of this report explains that the College achieved a satisfactory surplus position for the year, which exceeded the budgeted outcome by £105,000. Expenditure was controlled effectively with good resultant outcomes.

As expected in 2012/13 and in common with the rest of the HE sector in Wales, the College received a further reduction in the level of its core grant from the Higher Education Funding Council for Wales (HEFCW). The premium element of HEFCW funding will be essential in future years in order to enable the College to continue to deliver specialist Conservatoire and Drama School training as characterised by the leading institutions in the College's UK and international peer group.

The new student fee regime introduced in 2012/13 enabled the College to increase its fees to £9,000 per annum for Home/EU undergraduate which offsets some of the reduction in HEFCW core grant. In order to set its fees at £9,000 the College has agreed Fee Plans with HEFCW, as part of the University of South Wales Group. The College continues to set the maximum permitted fee of £9,000 for undergraduate students. Higher Education institutions are not permitted to increase the maximum permitted fee of £9,000 for Home/EU students.

The Board considers that the College has taken appropriate action to ensure that all departments are efficient, effective and fit-for-purpose.

The Board of Directors considers that the governance arrangements have been carried out in an effective and efficient manner although a skills audit highlighted the need to recruit directors with more arts industry experience. The Board also plans to identify a permanent Chair. At the end of the year, Michael Lawley and Luke Sweeney (SU President) completed their terms of office. The Board is grateful to them for their service during their terms of office. They have been succeeded by Hywel George and Lauren Lewakowski.

Financial risk management

The College is committed to exhibiting best practice in all areas of financial risk management and corporate governance, fully adhering to the principles set out in the Governance Code of Practice and General Principles, issued by the Committee of University Chairmen (CUC) to accompany their Guide for Members of Higher Education Governing Bodies, in November 2009.

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

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

The Board of Directors met five times during the reporting period. In terms of audit arrangements, whilst a separate College Audit Committee has not been established, all audit reports and reviews and other information relating to the company are formally received by the University of South Wales' Audit Committee which meets four times per year. The 2012/13 annual report of the internal auditors was considered by both the University's Audit Committee and the College's Board of Directors, who also approved the internal audit plan for 2013/14.

Results

The Company's surplus for the year ended 31 July 2013 was £244K (2012 - £256K). This includes a net charge of £60K (2012 - £80K) relating to adjustments arising under FRS17. The pre-FRS 17 surplus was £304K (2012 - £336K). This is a satisfactory result.

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

Key Performance Indicators

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

- i) Surplus excluding FRS17 - £304K (2012 - £336K);
- ii) Surplus including FRS17 - £244K (2012 - £256K);
- iii) Year-end cash position - £2,804K (2012 - £2,034K);
- iv) Current ratio – 1.22 (2012 – 1.01)

Principal risks and uncertainties

The College faces the following principal risks:

Reduction in HEFCW Premium Funding

The total amount of money that available to HEFCW in the Public Investment Fund (PIF) in 2013/14 and onwards is subject to a significant degree of uncertainty. However, HEFCW's working assumption is that there will be money available for PIF and the premium for the higher rate expensive subjects which includes Conservatoire training will continue to be paid for all students.

Recruitment of students

The College is budgeting to retain its current level of undergraduate and postgraduate student numbers and increase its overseas students in future years. In order to achieve these targets, it has developed a detailed action plan together with a system of enhanced relationship management. In terms of recruiting postgraduate students in future years, there is a risk that the level of debt accumulated by undergraduate students at the end of their studies will influence their decision to undertake postgraduate studies. That said, the portfolio of courses that the College now offers is clearly having an appeal to the wider postgraduate and international markets.

Revenue fundraising

The College has started a campaign to build a significant endowment in order to yield appropriate levels of scholarships to attract the highest quality students in order to protect and enhance the College's reputation. The College also has other initiatives which are to be funded largely by revenue fundraising, designed to enhance the student experience and employment prospects. Accordingly, over the period to 2016/17, revenue fundraising is targeted to increase by over £230,000 compared to 2012/13 levels.

Income generation

It is pleasing to report on the continued successful delivery of income generation target with ticket income and hirings revenue yielding positive results during the year. The updated strategy includes ambitious, but achievable, growth targets for commercial income.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 July 2013 (2012 – nil).

Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code issued by the Financial Reporting Council in June 2010. Its purpose is to help the reader of the annual report and financial statements understand how the principles have been applied. In the opinion of the governors, the College complies with all the provisions of the Code, in so far as they apply to the Higher Education Sector, and it has complied throughout the year ended 31 July 2013 and up to the date of signing the annual report and financial statements.

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

Directors and their interests

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

J Andrews
H Boulding
J Cranmer
H D George (appointed 01.08.13.)
M A Lawley (resigned 31.07.13.)
L L Lewakowski (appointed 01.08.13.)
J Lydon
H M L R Mansfield (appointed 01.08.12)
C J Moorsom
J Ritterman
L D J Sweeney (appointed 01.08.12, resigned 31.07.13)
M D Taylor
H Warman (appointed 01.08.12)
G J Williams (appointed 01.08.12)
H R Williams

Employees

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

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

Statement of directors' responsibilities

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable it to ensure that the annual report and financial statements are prepared in accordance with the Companies Act 2006, the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions, the Accounts Direction issued by the Higher Education Funding Council for Wales and other relevant Accounting Standards (United Kingdom General Accounting Practice). In addition, within the terms and conditions of the Financial Memorandum agreed between the Company and the University (Financial Memorandum), the directors are required to prepare the annual report and financial statements for each accounting period which give a true and fair view of the state of affairs of the Company and of the surplus or deficit for that period.

In causing the annual report and financial statements to be prepared, the directors have to ensure that:

- suitable accounting policies were selected and applied consistently;
- judgments and estimates were made that were reasonable and prudent;
- applicable accounting standards were followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements were prepared on the going concern basis unless it was inappropriate to presume that the Company will continue in operation.

The directors took reasonable steps to:

- ensure that funds from the HEFCW were used only for the purpose for which they were given and in accordance with the Financial Memorandum and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there were appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the Company and to prevent and detect fraud;
- secure the economical, efficient and effective management of the Company's resources and expenditure.

Directors' indemnities

The Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

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

Disclosure of information to auditors

So far as each of the directors at the time the report is approved are aware:

- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent Auditors

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

By order of the Board


Company secretary
W D Callaway

5th November 2013

- (a) The maintenance and integrity of the Royal Welsh College of Music and Drama Limited's website is the responsibility of the governing body. The work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF ROYAL WELSH COLLEGE OF MUSIC AND DRAMA LIMITED

We have audited the annual report and financial statements of Royal Welsh College of Music and Drama Limited for the year ended 31 July 2013, which comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of the governing body and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, the governing body (who are also the directors of the Company for the purposes of company law) are responsible for the preparation of the annual report and financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the annual report and financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's governing body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the annual report and financial statements

An audit involves obtaining evidence about the amounts and disclosures in the annual report and financial statements sufficient to give reasonable assurance that the annual report and financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governing body and the overall presentation of the annual report and financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited annual report and financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on annual report and financial statements

In our opinion the annual report and financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2013, and of the Company's income and expenditure and recognised gains and losses for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the annual report and financial statements for the financial year for which the annual report and financial statements are prepared, is consistent with the annual report and financial statements.

Opinion on other matters prescribed in the HEFCW Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Company for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation and any other terms and conditions attached to them;
- funds provided by HEFCW have been applied in accordance with the financial memorandum and any other terms and conditions attached to them.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the HEFCW Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion:

- the statement of internal control (included as part of the Corporate Governance Statement) is inconsistent with our knowledge of the institutions.



Kevin Williams (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
Cardiff

12th November 2013

PricewaterhouseCoopers LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Company Registration No. 6013744**Income and Expenditure account for the year ended
31 July 2013**

	Note	2013 £'000	2012 £'000
Income			
Funding Council Grants	4	5,142	6,218
Tuition fees and education contracts	5	4,475	3,542
Other income	6	1,957	1,883
Endowment and Investment Income	7	101	40
Total income		11,675	11,683
Expenditure			
Staff costs	8	6,145	6,178
Other operating expenses	11	3,676	3,629
Depreciation	12	1,128	1,177
Interest payable and other finance costs	13	424	443
Total expenditure		11,373	11,427
Surplus for the year after depreciation of assets and tax		302	256
Transfer to accumulated income within specific endowments		(58)	-
Surplus for the year retained within general reserves		244	256

All amounts relate to the continuing operations of the Company. There is no material difference between the surplus for the years retained within general reserves stated above and their historical cost equivalent.

**Statement of total recognised gains and losses for the year ended
31 July 2013**

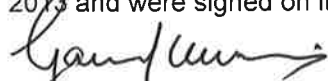
	2013 £'000	2012 £'000
Surplus for the year after depreciation of assets and tax	302	256
Actuarial gain/(loss) on pension scheme (note 26)	120	(370)
Increase/(decrease) in value of endowment asset investments (note 17)	51	(22)
Total recognised gains/(losses) for the year	473	(136)
Reconciliation of Reserves		
Opening reserves and endowments	3,021	3,157
Total recognised gains and losses for the year	473	(136)
Closing reserves and endowments	3,494	3,021

Company Registration No. 6013744

Balance sheet as at 31 July 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	16	26,253	27,055
Endowment assets	17	1,046	937
Current assets			
Debtors	18	300	220
Cash at bank and in hand		2,804	2,034
		3,104	2,254
Creditors: amounts falling due within one year	19	(2,545)	(2,224)
Net current assets		559	30
Total assets less current liabilities		27,858	28,022
Less creditors: amounts falling due after more than one year	20	(10,666)	(10,753)
Provisions for liabilities and charges	21	(169)	(184)
Net assets excluding pension liability		17,023	17,085
Net Pension liability	26	(2,790)	(2,850)
Net assets including pension liability		14,233	14,235
Represented by:			
Deferred capital grants	22	10,737	11,212
Called up share capital	24	1	1
Endowments			
Permanent	23	1,046	937
Reserves			
Other reserves	25	1,735	1,735
General reserve excluding pension reserve		3,504	3,200
Pension reserve		(2,790)	(2,850)
General reserve including pension reserve	25	714	350
Total reserves	25	2,449	2,085
Total Shareholder's Funds		14,233	14,235

The financial statements on pages 16 to 33 were approved by the Board of Directors on 5th November 2013 and were signed on its behalf by:


Gareth Williams
 Interim Chairman

Notes to the financial statements for the year ended 31 July 2013

Accounting policies

The financial statements have been prepared on a going concern basis, under the historical cost convention, modified to include the revaluation of endowment assets, in accordance with the Companies Act 2006 as adapted to the Statement of Recommended Practice (SORP) for Further and Higher Education 2007, and in accordance with applicable UK accounting standards. The principal accounting policies are set out below and have been applied consistently throughout the year.

Recognition of income

Recurrent grants are recognised in the year for which they are receivable. Income from specific grants is recognised to the extent that expenditure incurred during the year is funded by such income. Income received in excess of expenditure is held as deferred income.

Income from tuition fees is recognised in the period for which it is receivable and includes all fees chargeable to students or their sponsors.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments, not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments.

Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the statement of recognised gains and losses.

Other income is accounted for at the point of sale.

All income relating to future years is credited to the balance sheet and included as deferred income.

Pension schemes

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

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

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Notes to the financial statements for the year ended 31 July 2013 (continued)**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. The pensions paid are charged against the provision and interest accrued is added to the provision.

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.

Tangible Fixed Assets

Tangible fixed assets are initially recorded at cost, which represents the purchase cost plus any 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 of acquisition.

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. Land, whether freehold or leasehold, is not depreciated as it is considered to have an indefinite useful life.

The Raymond Edwards building is being depreciated over 29 years, which is the expected remaining useful economic life. Leasehold buildings are depreciated over the shorter of the lease term and the 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.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable, in accordance with FRS 11.

Fixtures, fittings and plant and machinery

All equipment is capitalised.

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

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

Assets Financed by Capital Grant or Donations

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

Operating Leases

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

Notes to the financial statements for the year ended 31 July 2013 (continued)**Trust fund asset investments**

Trust Fund investments are included in the Balance Sheet at mid market value.

Accounting for charitable donations**Unrestricted donations**

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Endowment funds

Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are three main types:

1. 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 institution.
2. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets and the institution can convert the donated sum into income.
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.

2 Cash flow statement and related party disclosures

The Company is a wholly-owned subsidiary of the University of South Wales, and is included in the consolidated financial statements of the University of South Wales, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996). The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the University of South Wales.

3 Segmental reporting

The Company's activities consist of:

1. The training of performers and others in music, drama, theatre and other performing arts intending to enter or engage in the music, theatrical and performing arts professions
2. The provision of advanced courses of instruction leading to the award of degrees or other appropriate qualifications
3. The provision, maintenance and improvement of performance facilities for the benefit of the local community.

The beneficiaries of the College's work include:

1. Students pursuing higher education qualifications
2. Young people of all abilities pursuing music, drama and theatre activities
3. The general public through community activities.

Notes to the financial statements for the year ended 31 July 2013 (continued)
4 Funding body grants

	2013	2012
	£'000	£'000
Recurrent grant	4,692	5,661
Specific grants	138	170
Deferred capital grants released	312	387
	5,142	6,218

5 Tuition fees and Education grants

	2013	2012
	£'000	£'000
Full time students		
Home and EU students	2,624	1,986
International students	624	514
Part-time students	746	560
Short course fees	481	482
	4,475	3,542

6 Other income

	2013	2012
	£'000	£'000
Catering	666	610
Other income	1,128	1,106
Surplus on disposal of fixed assets	-	3
Deferred capital grants released (non-HEFCW)	163	164
	1,957	1,883

7 Endowment and Investment Income

	2013	2012
	£'000	£'000
Income from short-term investments	7	3
Income from permanent endowments	94	37
	101	40

Notes to the financial statements for the year ended 31 July 2013 (continued)

8 Staff costs

Costs comprise:

	2013 £'000	2012 £'000
Wages and salaries	5,246	5,261
Social security costs	362	361
Other pension costs	537	523
	6,145	6,145
Restructuring costs	-	27
Redundancy	-	6
Other pension costs	-	6
	6,145	6,178

The monthly average number of full time equivalent (FTE) employees (including senior post-holders) during the year was as follows:

	2013 Number	2012 Number
Academic staff	89	90
Other staff	73	66
	162	156

9 Remuneration of directors and higher paid employees

(a) Directors

	2013 £'000	2012 £'000
Directors' emoluments		
Salaries	190	187
Pensions	15	18
Benefits	2	2
	207	207

In addition, one director receives remuneration in their capacity as President of the Students' Union.

Retirement benefits are accruing to two directors under a defined benefit scheme.

(b) Higher paid employees

	2013 £'000	2012 £'000
Highest paid director (Principal)		
Emoluments	129	128
Pensions	15	14
	144	142

Notes to the financial statements for the year ended 31 July 2013 (continued)

10 Trustees expenses and related party transactions

Travel costs amounting to £153 were reimbursed to 1 trustee (2012 - £169 reimbursed to 2 trustees).

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.

11 Other operating expenses

	2013	2012
	£'000	£'000
Catering	771	677
Consumables	140	132
Books and periodicals	36	32
Computer and other equipment	71	76
Staff travelling	78	63
Staff recruitment and development	11	9
Insurance	30	30
Marketing	191	172
House services	204	192
Light, heat, water and power	208	178
Concerts and shows	235	233
Irrecoverable VAT	238	244
Audit fees	11	11
Other professional fees	80	88
Repairs and maintenance	170	189
Operating lease rentals – pianos	60	57
Students Union Grant	33	32
Scholarships	263	264
Special initiatives funded expenditure	143	45
Other expenses	703	905
	3,676	3,629

Notes to the financial statements for the year ended 31 July 2013 (continued)**12 Analysis of expenditure by activity**

	Staff costs	Depn	Other operating expenses	Interest payable	31 July 2013 Total	31 July 2012 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Academic departments	3,849	125	869	-	4,843	4,803
Academic services	369	121	123	8	621	514
Catering	-	-	771	-	771	677
Premises	285	873	697	380	2,235	2,233
Administration	1,269	9	854	28	2,160	2,368
Commercial activities	253	-	198	6	457	680
Other expenses	120	-	164	2	286	152
Total	6,145	1,128	3,676	424	11,373	11,427

The depreciation charge has been funded by:

	2013 £'000	2012 £'000
Deferred capital grants (note 22)	475	551
General reserve	653	626
	1,128	1,177

13 Interest payable and other finance costs

	2013 £'000	2012 £'000
Loans not wholly repayable within 5 years	374	373
Pension finance costs (note 26)	50	70
	424	443

14 Taxation on the profit for the year

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.

15 Dividends

No dividends were paid or proposed during the year (2012: nil).

Notes to the financial statements for the year ended 31 July 2013 (continued)

16 Tangible assets

	Land and buildings	Fixtures and Fittings	Plant and Machinery	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 August 2012	28,437	408	2,107	30,952
Additions	28	92	217	337
Disposals	-	-	(33)	(33)
At 31 July 2013	28,465	500	2,291	31,256
Accumulated depreciation				
At 1 August 2012	1,881	346	1,670	3,897
Charge for the year	821	51	256	1,128
On disposals	-	-	(22)	(22)
At 31 July 2013	2,702	397	1,904	5,003
Net book value				
At 31 July 2013	25,763	103	387	26,253
At 31 July 2012	26,556	62	437	27,055

	31 July 2013	31 July 2012
	£'000	£'000
The net book value of land and buildings comprise:		
Freehold	24,530	25,262
Long leaseholds	1,233	1,294
	25,763	26,556

Notes to the financial statements for the year ended 31 July 2013 (continued)**17 Endowment Asset Investments**

	31 July 2013 £'000	31 July 2012 £'000
Balance at 1 August	937	958
Increase/(Decrease) in market value of investments	51	(22)
Surplus for the year	58	1
Balance at 31 July	1,046	937
	31 July 2013 £'000	31 July 2012 £'000
Represented by:		
Unit Trusts and Equities	982	886
Cash at bank held for endowment funds	64	51
	1,046	937

18 Debtors

	31 July 2013 £'000	31 July 2012 £'000
Trade debtors	95	84
Amounts owed by group undertakings	3	4
Other debtors	126	86
Prepayments and accrued income	76	46
	300	220

19 Creditors: amounts falling due within one year

	31 July 2013 £'000	31 July 2012 £'000
Bank loan	84	-
Trade creditors	109	30
Amounts owed to group undertakings	56	-
Other creditors	622	682
Taxation and social security	125	126
Accruals and deferred income	1,549	1,386
	2,545	2,224

Notes to the financial statements for the year ended 31 July 2013 (continued)

20 Creditors: amounts falling due after more than one year

	31 July 2013 £'000	31 July 2012 £'000
Analysis of secured loans:		
Secured on land and buildings		
Due in more than two years, but not more than five years	503	450
Due in more than five years	6,413	6,550
Analysis of unsecured loans:		
Due in more than five years	3,750	3,750
Analysis of finance leases :		
Due in more than two years, but not more than five years	-	3
	10,666	10,753

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

	Interest	Repayment	Term	31 July 2013 £'000	31 July 2012 £'000
Barclays Bank plc					
All tranches	5.335%	Quarterly	33 years (to 2041)	6,916	7,000

21 Provisions for liabilities and charges

	2013 £'000	2012 £'000
At 1 August	184	184
Released in year	(15)	-
At 31 July	169	184

Notes to the financial statements for the year ended 31 July 2013 (continued)**22 Deferred Capital Grants**

	HEFCW £'000	Other £'000	Total £'000
At 1 August	6,665	4,547	11,212
Released	(312)	(163)	(475)
At 31 July	6,353	4,384	10,737

23 Endowments

	2013			2012
	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Total £'000
Balances at 1 August				
Capital	566	259	825	847
Accumulated income	97	15	112	111
	663	274	937	958
New endowments	-	-	-	-
Investment income	63	31	94	37
Expenditure	(12)	(24)	(36)	(36)
	51	7	58	1
Increase/(Decrease) in market value of investments	17	34	51	(22)
At 31 July	731	315	1,046	937
Representing:				
Capital	583	293	876	825
Accumulated income	148	22	170	112
	731	315	1,046	937

24 Called up share capital

	31 July 2013 £'000	31 July 2012 £'000
Authorised (1,000 ordinary shares of £1 each)	1	1
Allotted, called up and fully paid (1,000 ordinary shares of £1 each)	1	1

Notes to the financial statements for the year ended 31 July 2013 (continued)**25 Reserves**

	Other Reserves	Profit and Loss reserve	Pension Reserve	Total
	£'000	£'000	£'000	£'000
At 1 August	1,735	3,200	(2,850)	2,085
Surplus for the year	-	244	-	244
Transfer between reserves		60	(60)	-
Actuarial gain on pension scheme	-	-	120	120
At 31 July	1,735	3,504	(2,790)	2,449

Other reserves arose on incorporation and represent the assets and liabilities transferred from Royal Welsh College of Music and Drama Higher Education Corporation.

26 Pension commitments

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

TPS

The TPS is a statutory contributory final salary scheme administered by the Teachers Pension Agency (TPA) an executive agency of the Department of Education. Under the TPS, which is an unfunded scheme, employees and employers contributions are credited to the Exchequer under the arrangements governed by the Superannuation Act 1992. Every 5 years the Government Actuary (GA), 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 contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective Benefits (Entry Age Method)
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5% per annum

Value of notional assets at date of last valuation £163,240 million (estimated future contributions together with notional investments held at 31 March 2004).

Proportion of members' accrued benefits covered by the actuarial value of the assets 98.88%.

Following implementation of Teachers' Pensions (Employers Supplementary Contributions) Regulations 2000, the government actuary carried out a further review on the level of employer contributions. For the period 1 August 2005 to 31 December 2006 the employer contributions were 13.5%. The rate increased to 14.1% from 1 January 2007. At the same time the employee rate increased from 6% to 6.4%. Contributions to the TPS amounted to £232,000 in the year (2012-£240,000).

Notes to the financial statements for the year ended 31 July 2013 (continued)

Under the definitions set out in Financial Reporting Standard 17 (FRS 17)) Retirement Benefits, the TPS is a multi-employer pension scheme. The Company is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Company has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined- contribution scheme. The Company has set out above the information available on the deficit in the scheme and the implications in terms of the anticipated contribution rates.

RCTPF and CVGF

The Royal Welsh College of Music and Drama Higher Education Corporation ceased to participate in the Cardiff and Vale of Glamorgan Pension Fund (CVGF) on 31 December 2006. Members now accrue benefits in the RCTPF and following the bulk transfer from CVGF to RCTPF deferred pensioners and accrued pensioner liabilities formerly in the Cardiff fund, now accrue in the RCTPF.

The scheme is a defined benefit pension scheme, providing retirement benefits on the basis of members' final salary.

The scheme is valued every three years, the latest being undertaken by independent consulting actuaries, Aon Hewitt Ltd, as at 31 March 2010.

Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS17 purposes were:

	2013	2012
	%	%
Rate of increase in salaries	3.4	2.9
Rate of increase to pensions in payment	2.5	1.9
Rate of increase to deferred pensions	2.5	1.9
Discount rate	4.5	4.2
RPI Inflation	3.4	2.9
CPI Inflation	2.5	1.9
<hr/>		
Expected rates of return on the scheme assets were:		
Equities	7.8	7.5
Government bonds	3.3	2.5
Corporate bonds	4.0	3.2
Property	7.3	7.0
Cash	0.9	1.4
Other	7.8	7.5
Expected rate of return	6.6	6.1

The College employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund as at 31 July 2013.

Notes to the financial statements for the year ended 31 July 2013 (continued)

The current mortality assumptions are based on the recent actual mortality experience of members within the Fund and include sufficient allowance for future improvements in mortality rates. Assumed life expectations on retirement today and at age 65 are:

	2013	2012
Retiring Today:		
Males	23.3	23.2
Females	24.7	24.5
Retiring in 20 years:		
Males	25.2	25.1
Females	26.6	26.5

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

	2013	2012
	£000	£000
Equities	3,990	2,819
Property	342	302
Government bonds	615	524
Corporate bonds	661	559
Cash	192	166
Total market value of assets	5,800	4,370
Present value of scheme liabilities	(8,590)	(7,220)
Net pension deficit	(2,790)	(2,850)

Analysis of the amount charged to operating profit

	2013	2012
	£000	£000
Current service cost	(310)	(280)
Past service cost	-	(10)
	(310)	(290)

Analysis of the amount charged to interest payable and similar charges

	2013	2012
	£000	£000
Expected return on pension scheme assets	270	270
Interest on pension scheme liabilities	(320)	(340)
Net charge	(50)	(70)

Analysis of amount recognised in statement of total recognised gains and losses

	2013	2012
	£000	£000
Actual return less expected return on pension scheme assets	600	(110)
Experience gains and losses arising on scheme liabilities	(480)	(260)
Actuarial gain/(loss) recognised in the STRGL	120	(370)

Notes to the financial statements for the year ended 31 July 2013 (continued)

Movement in deficit during the year	2013 £000	2012 £000
1 August	(2,850)	(2,400)
Current service cost	(310)	(280)
Contributions	300	280
Past service costs	-	(10)
Other finance charge	(50)	(70)
Actuarial gain/(loss)	120	(370)
31 July	(2,790)	(2,850)

Analysis of the movement in the present value of scheme liabilities	2013 £000	2012 £000
Opening present value of liabilities	7,220	6,300
Current service cost	310	280
Interest cost	320	340
Contributions by participants	120	110
Actuarial loss on liabilities	480	260
Net benefits paid in/(out)	140	(80)
Past service cost	-	10
Closing present value of liabilities	8,590	7,220

Analysis of the movement in the market value of scheme assets	2013 £000	2012 £000
Opening fair value of assets	4,370	3,900
Expected return on assets	270	270
Actuarial gain/(loss) on assets	600	(110)
Contributions by the Employer	300	280
Contributions by the participants	120	110
Net benefits paid in/(out)	140	(80)
Closing fair value of assets	5,800	4,370

The amounts recognised for the current and previous four years are:

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Defined benefit obligation	(8,590)	(7,220)	(6,300)	(6,240)	(8,470)
Plan assets	5,800	4,370	3,900	3,150	3,990
Net Pension Deficit	(2,790)	(2,850)	(2,400)	(3,090)	(4,480)

History of experience gains and losses

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Difference between the expected and actual return on scheme assets	600	(110)	140	390	(440)
Experience gains and losses on scheme liabilities	(480)	(260)	660	60	(10)
Total amount recognised in the statement of total recognised gains or losses	120	(370)	800	450	(450)

Notes to the financial statements for the year ended 31 July 2013 (continued)

The estimate for contributions for the defined benefit scheme for the year 2013 is £310,000. In addition, Strain of Fund contributions may be required.

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses is £240,000 loss (2012 - £360,000 loss).

The actual return on scheme assets in the year was £870,000 (2012– £160,000).

Accrued pension contributions at 31 July 2013 are £68,319 (2012 - £64,697).

27 Lease obligations

At 31 July, the College had annual commitments under non-cancellable operating leases for assets other than land and buildings, expiring as follows:

Lease expiring after more than 5 years:

	31 July 2013 £'000	31 July 2012 £'000
Other operating leases	77	75

28 Ultimate Parent Undertaking

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

University of South Wales
Pontypridd
Rhondda Cynon Taf
CF37 1DL