

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 2018

**Annual Report and Financial Statements for the year ended
31 July 2018**

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ANNUAL REPORT

Chair's report for the year ending 31 July 2018

As the Chair of the National Conservatoire of Wales it is my privilege to provide a report of the activities of the College over the last year. This is my first full year as Chair and we have changed the format of the Annual Report and Financial Statements so that the Directors' Report and detailed numbers are now included in a technical annex as the 'Financial Statements' while the main body of the 'Annual Report' explains how the College's strategy, governance, performance and prospects in the context of its external environment lead to the creation of value.

The Annual Report tells the story of the College through the following main sections:-

- Key Facts about the College.
- How the College uses its Resources to Generate Value.
- A New Principal and Board Members.
- Funding Environment
- Highlights of the Performance Programme.
- Widening Access and Community Engagement.

Key Facts about the College

Student Body

The College had 779 students in 2017/18:-

- o 66% undergraduate and 34% postgraduate
- o 78% from UK with 21% from Wales
- o 15% from overseas countries outside the EU
- o 7% from EU
- o representing 50 different countries
- o 16% declared a disability
- o 17% declared non-white ethnicity
- o 11% declared Welsh speaker
- o 100% of students are in work or further study 6 months after graduation
- o 91% retention rate
- o 83% of graduating students achieved first-class or upper second class awards

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National Student Survey (NSS)

The most recent NSS results shows the College has an improved overall satisfaction score, increasing from 85.7% to 87.3% with the individual course scores outlined below:-

Undergraduate Course	2017 – Overall Satisfaction - %	2018 – Overall Satisfaction - %
Music	75.8	81.6
Acting	100	88.9
Theatre Design	100	100
Stage Management	95.2	95.5

Guardian University League Table

The 2019 Guardian University League Table is a source of information for prospective students and is largely based on student experience of their course, teaching and feedback and has for the two years placed the College in first position in Drama out of 87 institutions and our Music Department has encouragingly risen from 39th to 32nd out of 81 institutions.

How the College uses its Resources to Generate Value?

The College has the following strategic aims:-

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

The College uses the following resources to achieve these aims:-

- income from students (M£8.2), Higher Education Funding Council for Wales (M£3.2) and commercial sources (M£2.7);
- world class performance facilities such as the Dora Stoutzker Hall and Richard Burton Theatre;
- 180 highly qualified, committed and talented staff;
- strong systems and processes;
- an ambitious and creative community with a keen sense of its identity;
- productive partnerships with leading industry organisations such as Welsh National Opera, National Theatre and BBC.

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The deployment of College resources ensures 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. Furthermore, the resources enhance the employability and professionalism of our students so that our alumni successfully carry our name and reputation across the industry.

Finally, as well as providing high quality graduates to the creative industries, participation in higher education also provides wider benefits for individuals and society which are outlined in details in the Department of Business Innovation and Skills (Research paper 146) but can be summarised as:-

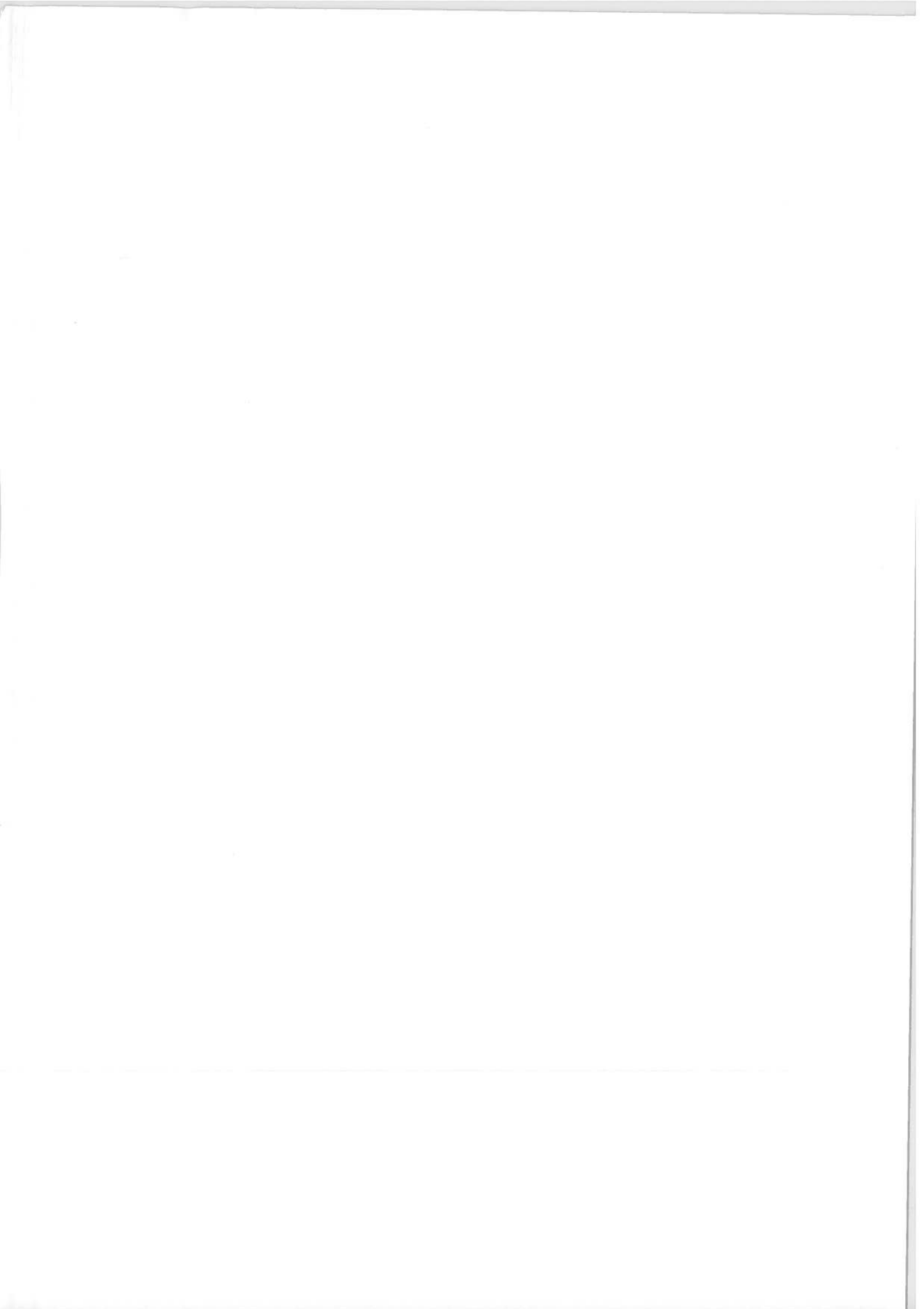
- wider benefits to society - include less crime, greater social cohesion and social mobility;
- wider benefits to individuals – include more civic engagement and volunteering, less likely to commit crime, better educational parenting, longer life expectancy, less likely to drink excessively, less likely to smoke, less likely to be obese, more likely to engage in preventative care, better mental health, greater life satisfaction and better general health;
- economic benefits to society – include increased tax revenues, faster economic growth, greater innovation and labour market flexibility, increased productivity of co-workers, reduced burden on public finances from better co-ordination with other social policy areas such as health and crime prevention,
- economic benefits to individuals – include higher earnings, less exposure to unemployment, increased employability and skills development and increased entrepreneurial activity and productivity

A New Principal and Strengthening the Board

My main objectives as Chair during the year has been to appoint a permanent Principal and to strengthen the Board's mixture of skills and experience. I can report that progress has been excellent on both fronts.

New Principal

Following a worldwide search process overseen by Saxton Bampfylde, Professor Helena Gaunt previously the Vice Principal and Director of Innovation at the Guildhall School of Music & Drama, has been appointed as the College's new Principal. Helena took up the appointment from Interim Principal, Professor George Caird, on 1st September 2018 and is a highly experienced Conservatoire professional, musician, leader, teacher and author. Helena is passionate about artistic development, creative and cultural entrepreneurship within the industry. In Helena's most recent role at the Guildhall she has provided strategic leadership in academic and artistic development, research, enterprise and internationalisation. Helena has also led relations with key partners such as the Barbican Centre, and most recently the City of London's Culture Mile, which also includes the London Symphony Orchestra and Museum of London as core partners. Helena has extensive professional experience as an oboist and member of the Britten Sinfonia, and as a conservatoire teacher and researcher. Helena is also a Visiting Professor at the Sibelius



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Academy, University of the Arts, Finland, as well as being a National Teaching Fellow and Principal Fellow of the Higher Education Academy.

Helena studied at the University of Cambridge, University of Essex, Guildhall School and Institute of Education, London University, and received an MBA at Ashridge Business School. We are delighted with her appointment.

Strengthening the Board

Two excellent new appointments have been made to the Board.

Firstly, Natasha Hale joined the Board on 1 June 2018 and brings a passion for making the creative industries accessible, and a wide-ranging experience in both the music and drama industries within Wales and on an international scale. Natasha formed the Welsh Government's Creative Industries division which was instrumental in making Wales a global centre for high-end TV and film production. Natasha was responsible for the establishment of Pinewood Studio Wales, helping to regenerate Dragon Studios near Cardiff and bringing *Da Vinci's Demons*, BBC Worldwide's co-production with US television network Starz, to Swansea's Bay Studios. Natasha is currently Chief Operating Officer for Bad Wolf Productions and the innovative Wolf Studios Wales operates on a philanthropic basis and is unique in offering a built-in teaching facility, offering opportunities to local talent.

Secondly, Manon Antoniazzi currently the Chief Executive and Clerk of the National Assembly was appointed on 1 August 2018. Manon has an extensive background in leadership, strategy and communications, and a proven track record of creating successful partnerships within high profile roles for organisations with international interests. Manon has been a member of the Board of the Heritage Lottery Fund as Deputy Chair and Chair of the Committee of Wales, and a Non-Executive Director of the London Philharmonic Orchestra. Manon has also been a Governor of the Royal Shakespeare Company and a member of the advisory boards of the Philharmonia Orchestra and Welsh National Opera. Prior to joining the Assembly, Manon was Director of Culture, Sport and Tourism for the Welsh Government, and Chief Executive of Visit Wales. Earlier in her career, Manon was Private Secretary for the Prince of Wales, and worked in senior communications roles at the BBC, S4C and the National Assembly.

Funding Environment

The funding environment continues to be extremely challenging following the material reduction in the expensive subject premium funding provided to the College by the Higher Education Funding Council for Wales (HEFCW). The table below shows how the College income streams have changed over the last 6 years with HEFCW income reducing significantly and being replaced by tuition fee and commercial income streams.

Income	2012 – M£	2018 – M£	% Change
HEFCW	6.2	3.2	(48)
Tuition Fees	3.6	8.2	128
Commercial Income	1.9	2.7	47

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However, 2018 has seen progress as, following the Diamond Review of HE funding in Wales, the Welsh Government has replaced tuition fee support grant with maintenance grants for new home/EU undergraduate entrants from 2018. This change in the funding methodology will provide extra funding to the HE sector in Wales but is likely to take some years to flow through to institutions such as the College. A HEFCW consultation released on 25 September 2018 noted positive news for the College as it states that *'in the first instance the additional funding for AY 2019/20 will be used to fund the subjects that we currently include in the expensive subjects premium (Clinical Medicine and Dentistry and the performance element of **Conservatoire training**) at an equivalent level to the funding provided in England for the provision of these subjects.'*

On 25 October 2018, the Welsh Government published its *'independent review of conservatoire and related performing arts provision in higher education in Wales'* undertaken by Lord Murphy of Torfaen. Lord Murphy advances recommendations for funding to support the characteristic teaching model of the College as a world class conservatoire, and suggests options for future development of the College's national role. With the shared aim of maximising the College's future potential, the Boards of the University of South Wales and the College will work with their executive teams to consider the recommendations of the report, in conjunction with HEFCW and the Welsh Government.

Highlights of the Performance Programme

The College's Creative Programme delivered around 500 performances across the College's venues and at other venues across Wales, London and Edinburgh. 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 the cultural provision in South Wales, continuing to reach around 60,000 audience attenders. A number of highlights include those outlined below.

The Winter Opera Gala was held in conjunction with Welsh National Opera in November 2017. Conducted by Carlo Rizzi, the College's Hodge International Chair in Conducting, and with soloists from the College accompanied by the Welsh National Opera Orchestra, the Gala included operatic excerpts from Donizetti's *L'Elisir d'amore*, Rossini's *L'Italiana in Algeri*, Verdi's *La Traviata* and *I Vespri Siciliani* as well as a complete performance of Puccini's *Gianni Schicchi* in a magical evening. This event celebrated the link that RWCMD has with WNO and the development of the David Seligman International Opera School.

The College promoted three excellent drama productions (*Punk Rock*, *Intimate Apparel* and *The Agony & the Style*) in late 2017. Of particular note, *Punk Rock* written by Hodge International Chair Simon Stephens (*The Curious Incident of The Dog in The Nighttime*). Simon tweeted after seeing the production: *'Reeling from a stunning **Punk Rock** @RWCMD. Brilliantly staged by Michael Fentiman and his team of Royal Welsh students. His cast was astonishing throughout. As good as any production I've seen and better than many. They released elements of the play I'd never seen before'*.

Also in November 2017, the College Symphony Orchestra and Chorus conducted by David Jones performed Stravinsky's *Symphony of Psalms*, Prokofiev's *Piano Concerto No 2* (soloist, final year undergraduate, Nuno Lucas) and the Coronation Scene from Mussorgsky's *Boris Godunov* with the distinguished Robert Hayward in the title role.

During 2018, the Richard Burton Company which is made up of final year College students again enjoyed another exceptional season which included the UK premiere of Stephen Adly Guirgis's *'Between Riverside and Crazy'* and an adaptation of Sarah Water's acclaimed novel *'The Night Watch'* which proved popular with audiences. Furthermore, a Musical

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Theatre Review of the works of Andrew Lloyd Webber '*One More Look*' enjoyed a sold out run in the Sherman Theatre. Once again the NEW season produced an exceptional collection of new plays in partnership with Paines Plough, the Royal Court and Sherman with highlights including Isley Lynn's '*Albatross*' and Charley Miles' '*Spilt*'.

The College continued to work on extending the accessibility of our programme by introducing regular British Sign Language (BSL) interpreted performances. At least one Richard Burton Company performance each term is now BSL interpreted. We also successfully presented our first 'relaxed' performance during a short run of Unity Theatre's '*Little Red and the Big Bad Wolf*'. These performances are aimed at making those with an autism spectrum condition or learning disability feel comfortable in the theatre environment. The auditorium is kept lighter than usual and audiences are able to make noise, come and go or take a break from the performance as they please.

The breadth of the programme continues to develop. We presented our second Indian classical concert of the year featuring Niladri Kumar, a dynamic young *sitar* player from Mumbai who attracted an excellent audience and received a standing ovation for his recital. Feedback from these and other world music concerts has been extremely positive and is evidence that the College has potential to grow audiences for a more diverse range of music by exceptional artists. We have worked with and received excellent feedback from members of the Indian community in Cardiff who are keen to work with us to develop this area of our programme.

The highlight of our jazz programme was a double bill featuring trumpeter Markus Stockhausen and pianist Florian Weber in a sublime acoustic set, followed by the young London-based Elliot Galvin Trio who combine 'inviting lyricism and explosive edginess'. Both artists also gave outstanding workshops offering students an insight into everything from career development to the philosophy of improvisation.

Our new quartet in residence, the Albion Quartet, has proved to be extremely popular with the students and their performances are a fantastic example of the immense excitement and endless possibilities that ensemble playing can inspire. We have secured funding to support their residency for a further two years and look forward to working with them to develop their profile and audiences in Cardiff.

The 2018 summer season opened with the Atmospheres new music festival which is our festival of final performances by the graduating Composition and Music Technology students. We produced a series of performances and installations across our spaces including an opening guest concert of John Hardy Music's Hidden: Hinterland, an evening of live music and visuals from two popular Welsh TV crime dramas created by our own Head of Composition and his team. We were very pleased with the results which saw a considerable increase in both audience numbers and ticket income and created a real buzz around the venues with people dropping in and out across the weekend. The quality and variety of performances by the students was impressive, ranging from live music to a computer game exploring an underwater environment, '*Abzu*' by Samuel Williams, to Alastair Gray's sinister forest installation and Kina Myamoto's theatrical '*Aquatic Snacks*' featuring exquisite colourful scenic objects and dancer.

Our second festival of the summer, the AmserJazzTime Festival offered an opportunity for audiences to meet the next generation of jazz musicians with final recitals by our graduating jazz students and guest artists. This year's guests brought a focus onto inspirational women performers and included Dame Evelyn Glennie performing with Trio HLK, Yazz Ahmed's Hafla Band and Nérija, a collective of female London-based jazz musicians rounding the festival off with a rousing AmserJazzTime Late foyer performance on the Saturday night.

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Richard Burton theatre highlights of the summer term included Mark Ravenhill's unique take on Voltaire's witty satire *Candide*, a riotous performance which took the audience from their seats in the auditorium into a hidden performance space behind the stage where the second half of the evening took place; and JM Synge's comic masterpiece *The Playboy of the Western World*.

Dylan Thomas is a constant source of inspiration, and we presented two works which paid homage to his extraordinary life and work: *Clown in the Moon*, Gwyn Edwards' dramatic portrait performed by Rhodri Miles (Burton, Hinterland); and Huw Warren's gorgeous jazz suite *Do Not Go Gentle* which toured along with student jazz ensembles to Holyhead, Brecon and Swansea and featured actors plus projections and lighting by Design and Stage Management students.

Our final musical was *Betty Blue Eyes*, based on Alan Bennett's *A Private Function* while we spread our wings across Cardiff for the puppetry production FEAST which this year took place at DEPOT in Butetown and for Mozart's glorious fantasy *The Magic Flute* at the Sherman Theatre. Our final orchestral concert of the year at St David's Hall was celebrated the work of two American greats, Gershwin and Bernstein.

Widening Access and Civic Engagement

The College seeks annually to deliver its Widening Access activities to between 8,000 and 10,000 participants through the presentation of around 150 workshops in at least 70 venues. I am pleased to report that each of these targets has been achieved or exceeded this year, with over 170 workshops delivered in 100 different venues. These have included Primary and Secondary Schools as well as community and healthcare-related settings. Most of our workshops were delivered by College students as part of their professional training and approximately 50% of the visits were to Communities First areas. For example, the *Orchestradventure* initiative is embedded within the training curriculum for all second-year music undergraduates. These students deliver workshops in schools in preparation for the performance and serve as ambassadors directly linking schools and the College to promote the Arts and arts training in Wales. The College Symphony Orchestra performed *Orchestradventure!* to around 1,200 school children from Wales and the West Country attended a special schools concert in February 2018 in Cardiff followed, for the first time by a performance in Carmarthen, West Wales. This was in line with our targets and in 2019, the tour will encompass North Wales.

Summer Schools

The College ran 7 Summer Schools for young people in 2017/18 which extended across Music and Drama specialisms, including:

- The Drama School Experience and Audition Masterclass (with Voice Workshop) for ages 16-20 – 5 days
- The Drama School Experience and Audition Masterclass (with Movement Workshop) for ages 16-20 – 5 days
- Theatre Workshop Summer Camp for ages 11-13 – five days
- Theatre Workshop Summer Camp for ages 14-16 – five days
- Junior Jazz for ages 8-18 – four days

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- Opera Workshop for ages 18+ – five days
- Workshop for Visually Impaired Musicians for all ages – three days

Overall attendance at these events was registered at 97 participants, 56 of whom were Welsh-domiciled. Of these, about 50% were drawn from low participation and disadvantaged areas of Wales. Of the remaining participants most were drawn from the South West of England, with others from various parts of the UK and a small number from abroad.

Community Ensembles

Bute Chorus is organised by the College and continues to meet every Saturday to provide an opportunity for anyone from the public to sing in a Community Choir with the well documented benefits to well-being. There are currently around 50 participants, which is line with the target.

Community Engagement

As outlined above, the College continues to promote an extensive public performance programme. This diverse programme ranges from comedy to cabaret, experimental theatre to film and encompasses a wide range of music genres. It also features professional theatre productions and literary events. In addition, across the year, the College delivers a range of free events aimed at the wider community, including weekly *Jazztime* foyer performances, tours of the building, exhibitions of theatre design, and children's arts festivals (featuring music performances and workshops delivered by students).

The College continues to develop its audiences both for its existing music and theatre offer and by exploring new areas of programming. These include a new focus on contemporary work and world music, including Indian classical music and dance concerts marketed to achieve more diverse audiences.

Performances and Workshops throughout Wales

Alongside the Richard Burton Company's transfer of *Playboy of the Western World* to Theatr Clwyd, the College also held two days of introduction drama workshops in partnership with Theatr Clwyd to accompany the visiting production. Furthermore, two audition masterclasses were held with Coleg Cambria in Wrexham with around 40 students attending and College staff delivered a drama workshop for National Youth Theatre Wales in Theatr Clwyd.

Acting and Stage Management workshops were taken to Coleg Sir Gar, Blackwood Comprehensive School, Cardiff West Community School, Merthyr College, Bridgend College, Cardiff and Vale College, Pembrokeshire College, Willows High School, John Frost (Newport), Ysgol Glantaf, Stanwell School and Brynmawr High School.

The College's annual puppetry performance project moved from previous venues in St. Fagan's and Dyffryn Gardens to the Depot in Riverside in the heart of Cardiff. The College then offered free tickets to primary schools from Grangetown, Riverside and Splott which exposed the work to an audience which the College had not previously engaged with. The post- performance Q&As provided a delightful opportunity for pupils and teachers to engage and College students will return to the schools in the Autumn to provide puppetry workshops in what the College hopes will be the beginnings of an integral part of our outreach programme.

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Free auditions

The College provides free auditions to students from lower socio economic and ethnically diverse backgrounds. A number of initiatives are in place including engaging with the Open-door. The scheme promotes training to support audition techniques and is based around providing students of outstanding talent to enter Conservatoire level training no matter what their social circumstances or backgrounds.

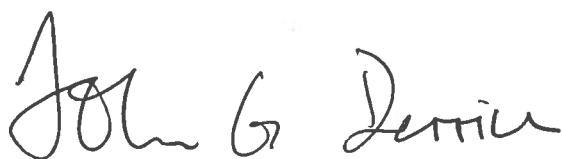
Junior Conservatoire and Young Actors' Studio

The Junior Conservatoire and Young Actors' Studio continue to lead the College's activity to benefit young people of school age. Our outreach programme, much of it delivered by students under supervision, involved over 200 visits with around 10,000 participants and is a major plank of the College's activity to widen access to its resources. The weekly access programmes have a healthy take-up and the advanced tuition delivered through the Junior Conservatoire and Young Actors' Studio deliver a unique service in Wales, tailored to the needs of young people with exceptional talent and potential. The Young Actors' programmes in Pembrokeshire are testimony to our ambition to extend the benefits of Wales's Conservatoire to young people right across Wales.

Conclusion

The College continues to be indebted to the College's Patron, HRH The Prince of Wales, who renewed his Patronage of the Conservatoire for five years to June 2021. The College is very appreciative of the support from our Patron who also provides students with many opportunities to provide entertainment for his guests.

Finally, I would like to thank the College staff for their unstinting commitment and professionalism which has delivered another successful year and to recognise the contribution of Professor George Caird who departed in July 2018. I would like to express my thanks on behalf of the Board and College to George for his leadership during the year as Interim Principal at the College and to welcome Professor Helena Grant as the College's new Principal.



John Derrick
Chair of Board of Governors

26 November 2018

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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 Charitable Objectives

Beneficiaries

The College has a higher education student population of around 800 students of whom 85% are Home/EU and 15% from Overseas who are the primary beneficiaries by receiving 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 500 public performances a year including free concerts and other educational and cultural activities in the College, such as exhibitions, masterclasses and talks.

Admissions policy

The College seeks to recruit the most-able and talented students, as well as those who exhibit exceptional potential irrespective of background. Within its undergraduate programmes, demand for places is high and is normally conducted by audition (Music and Acting), interview or portfolio submission (Stage Management, Arts Management and Theatre Design).

Public Benefit Statement (continued)

**Bursaries,
scholarships and
funding support**

To support students who experience financial hardship, the College makes available financial support through 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.

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 many Charitable Trusts and Foundations for their generosity in supporting the College's activities and for providing scholarship or bursary funds. These include the Andrew Lloyd Webber Foundation, the Ashley Family Foundation, the Carne Trust, the Clive and Sylvia Richards Charity, the Colwinston Charitable Trust, EMI Music Sound Foundation, the Fenton Arts Trust, the Foyle Foundation, the Garfield Weston Foundation, the G C Gibson Charitable Trust, the Girdlers Company, the Heather and Dyfrig John Charitable Trust, the Helen and Rachel Mackaness Charitable Trust, the Hodge Foundation, the Leverhulme Trust, the Linbury Trust, the Lloyd George Asia Foundation, the Mackintosh Foundation, the Mosawi Foundation, the Spielman Charitable Trust, the Simon Gibson Charitable Trust, the Waterloo Foundation, the Wolfson Foundation, and the Worshipful Company of Musicians. For those trusts that support scholarships, each 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.

The College is also grateful to a number of businesses including Valero, UBS, ABRSM, Liberty Living and Catering Academy that sponsor activity and to the growing number of individuals who fund scholarships and special projects. The *Connect* scheme, which supports student training experiences and performance opportunities also continues to grow year on year.

All fundraising activities conducted by the College are regularly reviewed to ensure they are in compliance with the

guidelines set out by the Fundraising Regulator in the Fundraising Code of Practice.

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 including Junior Music Conservatoire, Community Lesson Scheme and the Young Actors' Studio in Cardiff and Pembrokeshire.

The College also delivers an extensive programme of outreach activity across Wales comprising concerts and workshops in a wide range of school and community settings as well as a series of 'in-reach' activities delivered at the College.

The College also works closely with various arts disability groups to ensure our education and training prepares students for the diverse needs of the creative industries they will be entering on graduation. Such groups include; Touch Trust, Musicians in Focus, Hijinx Theatre and the Forget-Me-Not Chorus

Community Engagement

The College promotes an extensive public performance programme amounting to over 500 events in 2017/18 with a total audience of around 60,000 to a diverse arts programme that ranged from comedy to cabaret, experimental theatre to film and a wide range of music genres.

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 and music performances & workshops delivered by students and professional theatre.

The College runs a Community Choir, Bute Chorus, which meets every Saturday. This provides an opportunity for anyone from the general public to sing in a Community Choir and access the well documented benefits that singing brings to well-being.

The Arts Council of Wales continues to fund our national touring JazzTime programme which takes leading international artists and student jazz ensembles to regional venues twice a year.

TECHNICAL ANNEX - FINANCIAL STATEMENTS

Directors' report (incorporating Strategic report) for the year ended 31 July 2018

The directors present their report and the audited financial statements of the Company for the year ended 31 July 2018. 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 2015 and in accordance with applicable accounting standards.

Strategic report

Principal activities

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

Business review

Student recruitment continues to reflect the demand for the College's brand of quality Conservatoire training. The demand for places varies between courses which are kept under constant review to ensure that they are meeting the needs of the industry and students. The College continues to increase the quality of incoming students leading to an increase in the overall reputation of the College. This is reflected in league tables with the Drama training ranked 1st in the UK in the Guardian University League Tables for 2019 while the Music course was ranked 32nd across the HE sector.

Highlights

Overseas non EU student numbers continue to be around 15% of the total student population. This remains an area of opportunity and risk in light of the world economy and competition. However, the College is confident that it can continue to attract both the number and quality of overseas students in order to create a culturally diverse student body.

Attracting audience attendances of around 60,000 at performances during the year. 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 and audience for our students' work. Other income generating activities within the College all met or exceeded their financial targets during the year.

HEFCW has reduced premium funding in previous years. The continuation of a premium element of HEFCW funding is essential in future years 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 Welsh Government's review of conservatoire and related performing arts provision in higher education in Wales reported on 25 October 2018 and the recommendations will be reviewed by the College Board.

The recommendations of the Diamond Review of Higher Education funding arrangements in Wales are being implemented by Welsh Government which includes support for high cost subjects such as conservatoire provision.

Directors' report (incorporating Strategic report) for the year ended 31 July 2018 (continued)

Financial risk management

Commitment to Best Practice in Governance

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 Committee of University Chairs' (CUC's) voluntary 'Higher Education Code of Governance' published in December 2014.

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.

Risk Management

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

Board of Directors and its sub committees

The Board of Directors met five 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 Company are formally received by the University of South Wales's Audit Committee which meets four times per year and acts as the College Board's Audit Committee. The 2017/18 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 2018/19.

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Directors' report (incorporating Strategic report) for the year ended 31 July 2018 (continued)

Financial Results

Outlined below are the key financial indicators:-

Surplus of K£152	<i>K£152 surplus (2017 - K£132) stayed flat compared to 2016/17.</i>
Year-end cash increased by K£644	<i>K£6,522 (2017 - K£5,878) – increased by K£644 or 11% and is a sign of improved liquidity.</i>
Current ratio remains at 4.1	<i>4.1 (2017 – 4.0) – current ratio remains at around 4 which is a measure of the ability of the College to pay its debts over the next 12 months.</i>
Income has increased by 2.9%	<i>K£14,081 (2017 - K£13,689) – due to an increase in fees and HEFCW grant.</i>
Expenditure increased by 2.7%	<i>K£13,929 (2017 - K£13,557) – staff costs increased by 4.7% due to pay awards, increments, increased pension and NI contributions while non pay remained flat. The increases were 5% in the academic areas and flat in the administrative areas.</i>
Net assets increased by 15%	<i>K£9,424 (2017 - K£8,191) – mainly due to a reduction in pension liability and the surplus for the year.</i>

Principal risks and uncertainties

HEFCW Conservatoire Premium Funding

The total amount of money available to HEFCW is likely to increase from 2019/20 and the assumption of the College is that there will be more money available for the higher rate expensive subjects, which includes Conservatoire training.

The outcome of the Welsh Government's independent review of conservatoire and related performing arts provision in higher education in Wales reported on 25 October 2018 and the recommendations are being addressed by the College and University of South Wales.

Directors' report (incorporating Strategic report) for the year ended 31 July 2018 (continued)

Recruitment of students

The College is maintaining its current level of undergraduate, postgraduate and overseas student numbers while ensuring the quality of students remains high. The College has developed detailed actions together with a system of enhanced partnerships with other institutions to remain at its current level of recruitment. There is a risk that the perceived level of debt accumulated by undergraduate students at the end of their studies will adversely influence their decision to undertake postgraduate studies.

Fundraising

The support of Trusts and Foundations, public funders, businesses and individuals continues to be essential to offering students new training and performance opportunities and ensuring the most talented young artists are able to afford the cost of training. In 2017/18, this included scholarships and bursaries and project funding for initiatives such as the NEW season, visits by internationally acclaimed artists to teach and perform, and the launch of the Orchestradventure! outreach project.

Income generation

It is pleasing to report on the continued successful delivery of income generation targets with ticket income and hiring revenue yielding positive results during the year.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 July 2018 (2017 – nil).

The Directors have assessed the appropriateness of the going concern basis for the purpose of the financial statements for the year ended 31 July 2018. There are now positive moves as HEFCW consults on its funding methodology for 2019/20 onwards and indications are that the College's funding will be returned to the level of its comparators in England. However, the funding environment is still challenging and the College will need to reduce costs and/or increase income in order to avoid breaching its loan covenants in 2018/19. These circumstances indicate the existence of a material uncertainty which may cast doubt about the College's ability to continue as a going concern. The financial statements do not include the adjustments that would be necessary if the College was unable to continue as a going concern.

Royal Welsh College of Music and Drama Limited

Directors' report (incorporating Strategic report) for the year ended 31 July 2018 (continued)

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 2018 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:

Chair: John Derrick (from 01.08.17)
Professor George Caird (from 01.09.17 to 07.07.18 – Principal - ex officio)
Professor Helena Gaunt (from 01.09.18 – Principal - ex officio)
Jon Frost (USW Board - resigned on 21.09.18)
Lloyd Pearce (Student President)
Brian Weir (nominee of College staff)
Clare Hudson (USW Board)
Professor Julie Lydon – (Vice Chancellor - ex officio)
Jemma Terry (USW Board)
Natasha Hale (from 01.06.18)
Manon Antoniazzi (from 01.09.18)

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. Communication with all employees is undertaken through termly staff meetings, and e-mails as required.

Directors' report (incorporating Strategic report) for the year ended 31 July 2018 (continued)

Statement of directors' responsibilities

The trustees (who are also directors of The Royal Welsh College of Music and Drama Limited for the purposes of company law) are responsible for preparing the Directors' report (incorporating the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the charitable company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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. In addition, within the terms and conditions of the Financial Memorandum agreed between the charitable company and the Higher Education Funding Council for Wales and under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice; Accounting for Further and Higher Education Institutions;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees took reasonable steps to meet their responsibilities in respect of;

- keeping 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, 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;
- ensuring that funds from the Higher Education Funding Council for Wales are used only for those purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguarding the assets of the charitable company;
- ensuring the fundraising activities conducted by the College are in accordance with the guidelines set out in the Charity Governance Code and the Charity Commission's CC20 and CC3 guidance;

Royal Welsh College of Music and Drama Limited

Directors' report (incorporating Strategic report) for the year ended 31 July 2018 (continued)

- taking reasonable steps for the prevention and detection of fraud and other irregularities; and
- securing the economical, efficient and effective management of the charitable company's resources and expenditure.

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

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.

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.

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


W D Callaway
Company secretary

26 November 2018

Directors' report (incorporating Strategic report) for the year ended 31 July 2018 (continued)

- (a) The maintenance and integrity of the Royal Welsh College of Music and Drama Limited's website is the responsibility of the directors. 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 the financial statements may differ from legislation in other jurisdictions.

Royal Welsh College of Music and Drama Limited

Independent Auditors' Report to the Governing Body of the Royal Welsh College of Music and Drama Limited (The 'Institution')

Report on the audit of the financial statements

Opinion

In our opinion the Royal Welsh College of Music and Drama's financial statements (the 'financial statements'):

- give a true and fair view of the state of the institution's affairs as at 31 July 2018, and of the institution's income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law);
- 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.

We have audited the financial statements, included within the Annual Report and Financial Statements for the year ended 31 July 2018 (the "Annual Report"), which comprise: the Balance Sheet as at 31 July 2018; the Statement of Comprehensive Income and Expenditure Account, the Statement of Changes in Reserves, and the Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the institution in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the funding note (note 1) to the financial statements concerning the College's ability to continue as a going concern. The Higher Education Funding Council for Wales has implemented significant cuts to the ongoing grant funding received by the College and it is apparent that, unless alternative sources of funding

Independent Auditors' Report to the Governing Body of Royal Welsh College of Music and Drama Limited (The 'Institution') (continued)

Report on the audit of the financial statements (continued)

are secured, the College will need to implement plans to reduce its costs in order to mitigate the reduction in funding in future years. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the College's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the College was unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Governing body is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report (incorporating the Strategic report), we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' report (incorporating the Strategic Report)

In our opinion, based on the work undertaken in the course of the audit the information given in the Directors' Report (incorporating the Strategic Report), for the year ended 31 July 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the institution and their environment obtained in the course of the audit, we did not identify any material misstatements in the Directors Report (incorporating the Strategic Report).

Responsibilities for the financial statements and the audit

Responsibilities of the Governing body for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 20, the Governing body (whose members are also the directors of the institution for the purposes of company law) is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The

Independent Auditors' Report to the Governing Body of Royal Welsh College of Music and Drama Limited (The 'Institution') (continued)

Report on the audit of the financial statements (continued)

Governing body is also 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.

In preparing the financial statements, the Governing body is responsible for assessing the institution'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 Governing body either intends to liquidate the institution or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the institution's Governing body as a body in accordance with section 24(3) of the institution's Articles of Government, section 124B of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992, and 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.

Other required reporting

Opinions 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:

- the requirements of HEFCW's accounts direction have been met;
- funds from whatever source administered by the institution 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; and

Royal Welsh College of Music and Drama Limited

Independent Auditors' Report to the Governing Body of Royal Welsh College of Music and Drama Limited (The 'Institution') (continued)

Other required reporting (continued)

- funds provided by HEFCW have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent institution, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent institution financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Internal Control

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 Statement of Corporate Governance is inconsistent with our knowledge of the institution. We have no exceptions to report arising from this responsibility.



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

19th December 2018

- (a) The maintenance and integrity of the Royal Welsh College of Music and Drama Limited's website is the responsibility of the directors. 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 the financial statements may differ from legislation in other jurisdictions.

Statement of Comprehensive Income and Expenditure
For the Year Ended 31 July 2018

	Notes	2018 £'000	2017 £'000
Income			
Tuition fees and education contracts	3	8,161	8,075
Funding body grants	4	3,201	2,902
Other income	5	1,444	1,464
Investment income	6	107	133
Total income before endowments and donations		12,913	12,574
Donations and endowments	7	1,168	1,115
Total income		14,081	13,689
Expenditure			
Staff costs	8	8,126	7,761
Other operating expenses		4,505	4,535
Depreciation	11	787	788
Interest and other finance costs	9	511	473
Total expenditure		13,929	13,557
Surplus before other gains and losses		152	132
Gain on disposal of fixed assets		11	2
Gain on investments	17	87	179
Surplus for the year		250	313
Actuarial gain/(loss) in respect of pension schemes	23	983	(932)
Total comprehensive income/(expenditure) for the year		1,233	(619)
Represented by:			
Endowment comprehensive income for the year		115	324
Restricted comprehensive income for the year		53	51
Unrestricted comprehensive expenditure for the year		1,065	(994)
		1,233	(619)
All items of income and expenditure relate to continuing activities			

**Statement of Changes in Reserves
For the year ended 31 July 2018**

	Income and expenditure account		Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000
Balance at 1 August 2017	2,427	836	3,108	8,190
Surplus/(deficit) from the income and expenditure statement	191	989	53	1,233
Release of restricted funds spent in year	(76)	(936)	1,012	-
Total comprehensive income/(expense) for the year ended 31 July 2018	115	53	1,065	1,233
Balance at 31 July 2018	2,542	889	4,173	9,423

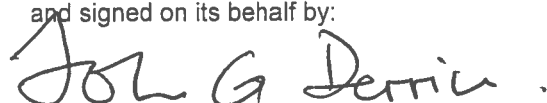
Company Registration No. 6013744

Balance Sheet

As at 31 July 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Fixed assets	11	25,674	26,093
		<u>25,674</u>	<u>26,093</u>
Current assets			
Trade and other receivables	12	179	299
Investments	13	2,416	2,290
Cash and cash equivalents		<u>6,522</u>	<u>5,878</u>
		9,117	8,467
Creditors: amounts falling due within one year	14	(2,246)	(2,126)
Net current assets		<u>6,871</u>	<u>6,341</u>
Total assets less current liabilities		<u>32,545</u>	<u>32,434</u>
Creditors: amounts falling due after more than one year	15	(17,178)	(17,829)
Provisions			
Pension provisions	16	(5,943)	(6,414)
Total net assets		<u>9,424</u>	<u>8,191</u>
Restricted Reserves			
Income and expenditure reserve - endowment reserve	17	2,542	2,427
Income and expenditure reserve - restricted reserve	18	889	836
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		4,173	3,108
Revaluation reserve		<u>1,819</u>	<u>1,819</u>
		9,423	8,190
Share Capital		1	1
Total Reserves		<u>9,424</u>	<u>8,191</u>

The financial statements on pages 27 to 45 were approved by the Board on 26th November 2018 and signed on its behalf by:



John Derrick
Chair of Board of Governors

Cash Flow Statement

For the year ended 31 July 2018

	Note	2018 £'000	2017 £'000
Cash flow from operating activities			
Surplus for the year		250	313
Adjustment for non-cash items			
Depreciation	11	787	788
Gain on investments	17	(87)	(179)
Profit on disposal of fixed assets		(11)	(2)
Decrease/(Increase) in debtors	12	120	(44)
Increase in creditors	14, 15	(215)	292
LGPS Pension costs less contributions payable		512	438
Adjustment for investing or financing activities			
Investment income	6	(107)	(133)
Interest payable	9	344	350
Capital grant income	14	(169)	(169)
Net cash inflow from operating activities		<u>1,424</u>	<u>1,654</u>
Cash flows from investing activities			
Investment income		107	133
Payments made to acquire fixed assets		(371)	(332)
New deposits		(30)	(100)
		<u>(294)</u>	<u>(299)</u>
Cash flows from financing activities			
Interest paid		(344)	(350)
Repayments of amounts borrowed		(142)	(132)
		<u>(486)</u>	<u>(482)</u>
Increase in cash and cash equivalents in the year		<u>644</u>	<u>873</u>
Cash and cash equivalents at beginning of the year	19	5,878	5,005
Cash and cash equivalents at end of the year	19	6,522	5,878

**Notes to the financial statements
for the year ended 31 July 2018**

		2018 £'000	2017 £'000
3 Tuition fees and education contracts	Notes		
Full-time home and EU students		5,617	5,668
Full-time international students		1,866	1,745
Short Course Fees		678	662
		<u>8,161</u>	<u>8,075</u>
4 Funding body grants		2018 £'000	2017 £'000
Recurrent grant			
Higher Education Funding Council		3,066	2,767
Capital grant	14	135	135
		<u>3,201</u>	<u>2,902</u>
5 Other income		2018 £'000	2017 £'000
Catering		598	616
Other capital grants	14	34	34
Other income		812	814
		<u>1,444</u>	<u>1,464</u>
6 Investment income		2018 £'000	2017 £'000
Investment income on endowments	17	74	95
Other investment income		33	38
		<u>107</u>	<u>133</u>
7 Donations and endowments		2018 £'000	2017 £'000
New endowments	17	30	110
Donations with restrictions	18	989	895
Unrestricted donations		149	110
		<u>1,168</u>	<u>1,115</u>

**Notes to the financial statements
for the year ended 31 July 2018**

	2018 £'000	2017 £'000
8 Staff costs		
Staff Costs :		
Salaries	6,430	6,131
Social security costs	517	505
Other pension costs	1,179	1,125
Total	<u>8,126</u>	<u>7,761</u>

Remuneration of directors and higher paid employees

	£'000	£'000
(a) Directors		
Salary	128	133
Benefits	-	4
Pension contributions to LGPS	17	18
	<u>145</u>	<u>155</u>

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

	£'000	£'000
(b) Higher paid employees		
Emoluments of the Principal:		
Salary	69	133
Benefits	-	4
Pension contributions to LGPS	9	18
	<u>78</u>	<u>155</u>

For 2018, the Principal was employed on a part-time fixed term contract (2017 - full time contract).

Average full time equivalent staff numbers by major category, including senior post-holders

	No.	No.
Academic	105	102
Other	75	74
	<u>180</u>	<u>176</u>

Trustee expenses and related party transactions

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 two Board members was £2,926 (2017 - £704 for two members). This represents travel and subsistence expenses incurred in attending Board meetings.

Notes to the financial statements
for the year ended 31 July 2018

	2018 £'000	2017 £'000
9 Interest and other finance costs		
Loan interest	344	350
Net charge on pension scheme (see note 23)	167	123
	<u>511</u>	<u>473</u>

	2018 £'000	2017 £'000
10 Analysis of total expenditure by activity		
Academic and related expenditure	7,858	7,467
Administration and central services	2,484	2,483
Premises	2,085	2,091
Residences, catering and conferences	561	558
Other expenses	941	958
	<u>13,929</u>	<u>13,557</u>

Other operating expenses include:

	2018 £'000	2017 £'000
External auditors' remuneration in respect of audit services	10	7
Operating lease rentals- other	<u>103</u>	<u>100</u>

Notes to the financial statements for the year ended 31 July 2018

11 Fixed Assets

	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Plant and Machinery £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost or valuation					
At 1 August 2017	27,893	2,318	3,220	1,033	34,464
Additions	-	-	210	161	371
Disposals	-	-	(16)	-	(16)
At 31 July 2018	27,893	2,318	3,414	1,194	34,819
Consisting of:					
Valuation	1,819	-	-	-	1,819
Cost	26,074	2,318	3,414	1,194	33,000
At 31 July 2018	27,893	2,318	3,414	1,194	34,819
Accumulated depreciation					
At 1 August 2017	3,799	1,209	2,722	641	8,371
Charge for the year	469	21	194	103	787
Disposals	-	-	(13)	-	(13)
At 31 July 2018	4,268	1,230	2,903	744	9,145
Net book value					
At 31 July 2018	23,625	1,088	511	450	25,674
At 31 July 2017	24,094	1,109	498	392	26,093

At 31 July 2018, freehold land and buildings included £2.684m (cost £865k, valuation £1.819m), (2017 - £2.684m) in respect of freehold land and is not depreciated.

Freehold land was revalued by Messrs Cooke & Arkwright, Chartered Surveyors, on 1 August 2014, on the basis of open market valuation.

Included in the net book value of fixed assets is aggregated interest capitalised of £314k (2017 - £330k).

**Notes to the financial statements
for the year ended 31 July 2018**

12 Trade and other receivables

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Other trade receivables	56	84
Other receivables	5	34
Prepayments and accrued income	118	144
Amounts due from parent undertaking	-	37
	<u>179</u>	<u>299</u>

13 Investments

	2018 £'000	2017 £'000
Short term investment in shares	2,119	1,925
Short term bonds	297	365
	<u>2,416</u>	<u>2,290</u>

14 Creditors : amounts falling due within one year

	2018 £'000	2017 £'000
Secured loans	149	142
Unsecured loans	333	-
Amounts owed to parent undertaking	18	76
Other creditors	214	212
Trade payables	84	88
Social security and other taxation payable	146	172
Accruals and deferred income	1,302	1,436
	<u>2,246</u>	<u>2,126</u>

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.

	2018 £'000	2017 £'000
Other income	269	323
Deferred capital grants (see notes 4 and 5)	169	169
	<u>438</u>	<u>492</u>

Notes to the financial statements
for the year ended 31 July 2018

15 Creditors : amounts falling due after more than one year

	2018 £'000	2017 £'000
Deferred income	7,520	7,689
Secured loans	6,241	6,390
Unsecured loan	3,417	3,750
	<u>17,178</u>	<u>17,829</u>

Analysis of secured and unsecured loans:

	2018 £'000	2017 £'000
Due within one year or on demand (Note 14)	<u>482</u>	<u>142</u>
Due between one and two years	697	482
Due between two and five years	3,393	2,743
Due in five years or more	<u>5,568</u>	<u>6,915</u>
Due after more than one year	<u>9,658</u>	<u>10,140</u>
Total secured and unsecured loans	<u>10,140</u>	<u>10,282</u>
Secured loan repayable by 2041	6,390	6,532
Unsecured loan repayable by 2023	<u>3,750</u>	<u>3,750</u>
	<u>10,140</u>	<u>10,282</u>

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

	Interest	Repayment	Term	2018 £'000	2017 £'000
Barclays Bank					
All tranches	5.35%	Quarterly	33 years (to 2041)	6,086	6,241

16 Pension provisions

	Defined Benefit Obligations £'000	Pension scheme provision under FRS102 £'000	Total Pension Provisions £'000
At 1 August 2017	154	6,260	6,414
(Reduction) in year (see note 23)	-	(471)	(471)
At 31 July 2018	<u>154</u>	<u>5,789</u>	<u>5,943</u>

**Notes to the financial statements
for the year ended 31 July 2018**

17 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Unrestricted permanent endowments	Total 2018	Total 2017
	£'000	£'000	£'000	£'000
Balances at 1 August 2017				
Capital	353	1,869	2,222	1,933
Accumulated income	31	174	205	170
	<u>384</u>	<u>2,043</u>	<u>2,427</u>	<u>2,103</u>
New endowments	-	30	30	110
Investment income	11	63	74	95
Expenditure	(10)	(66)	(76)	(60)
Increase in market value of investments	12	75	87	179
	<u>13</u>	<u>102</u>	<u>115</u>	<u>324</u>
Total endowment comprehensive income for the year				
	<u>397</u>	<u>2,145</u>	<u>2,542</u>	<u>2,427</u>
At 31 July 2018				
	<u>397</u>	<u>2,145</u>	<u>2,542</u>	<u>2,427</u>
Represented by:				
Capital	365	1,974	2,339	2,222
Accumulated income	32	171	203	205
	<u>397</u>	<u>2,145</u>	<u>2,542</u>	<u>2,427</u>
Analysis by type of purpose:				
Scholarships and prize funds	397	2,145	2,542	2,427
	<u>397</u>	<u>2,145</u>	<u>2,542</u>	<u>2,427</u>
Analysis by asset				
Current asset investments			2,416	2,290
Cash and cash equivalents			126	137
			<u>2,542</u>	<u>2,427</u>

18 Restricted Reserves

Reserves with restrictions are as follows:

	2018 Total £'000	2017 Total £'000
Balances at 1 August 2017	<u>836</u>	<u>785</u>
New donations	989	895
Expenditure	(936)	(844)
	<u>53</u>	<u>51</u>
Total restricted comprehensive income for the year		
	<u>889</u>	<u>836</u>
At 31 July 2018		
	<u>889</u>	<u>836</u>

**Notes to the financial statements
for the year ended 31 July 2018**

18 Restricted Reserves (continued)

	2017	2017
	Total	Total
	£'000	£'000
Analysis of other restricted funds /donations by type of purpose:		
Scholarships and prize funds	672	573
Specific projects	153	301
Other	164	21
	989	895

19 Cash and cash equivalents

	At 1st August	Cash At 31st July
	2,017	Flows 2,018
	£'000	£'000
	5,878	644
	5,878	644

20 Lease obligations

Total rentals payable under operating leases:

	2018	2017
	£'000	£'000
Payable during the year	103	100
Future minimum lease payments due:		
Not later than 1 year	106	103
Later than 1 year and not later than 5 years	458	445
Later than 5 years	1,829	1,948
Total lease payments due	2,393	2,496

21 Related Parties

All transactions involving organisations in which a member of the Board may have an interest, are conducted in accordance with the College's financial regulations and normal procurement procedures. The University of South Wales maintains a Register of Interests for members of the Board.

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 Company have been incorporated in the University of South Wales' consolidated financial statements, which forms the largest and smallest group for which the Company's financial statements are consolidated, copies of which can be obtained from the following address:

University of South Wales
Pontypridd
Rhondda Cynon Taf
CF37 1DL

Notes to the financial statements for the year ended 31 July 2018

23 Pension Schemes

The College participates in two pension schemes, the Rhondda Cynon Taf 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 Teachers' Pensions on behalf 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'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 2012
Salary scale increases per annum	1.8% per annum

Valuation of the assets at date of last valuation £176.6 million (estimated future contributions together with notional investments held at 31 March 2012).

Following implementation of Teachers' Pensions (Employers Supplementary Contributions) Regulations 2000, the government actuary carried out a further review of the level of employer contributions. The contribution rate increased from 14.1% to 16.48% on 1 September 2015.

Contributions to TPS amounted to £453,000 in the year (2017 - £483,000) with £40,000 due at the year end (2017 - £42,000).

Under the definitions set out in Financial Reporting Standard 102 (FRS102) the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities 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 Taf 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 being undertaken by independent consulting actuaries, Aon Hewitt, as at 31 March 2016.

Assumptions

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

	2018	2017
	% pa	% pa
Price Inflation (CPI)	2.75	2.75
Rate of increase in pensionable salaries	3.3	3.3
Discount rate/interest income on assets	2.3	2.3

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 25.5 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.

	2018		2017	
	Males	Females	Males	Females
Pensioner aged 65	22.1	24	22.2	24.1
Active member aged 45	23.8	25.8	23.9	25.9

**Notes to the financial statements
for the year ended 31 July 2018**

23 Pension Schemes (continued)

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

	2018 £'000	2017 £'000
Equities	7,406	7,200
Government bonds	1,291	831
Corporate bonds	1,142	950
Property	576	540
Cash	256	147
Total	10,671	9,668

	2018 £'000	2017 £'000
Analysis of the amount shown in the balance sheet for LGPS pensions:		
Scheme assets	10,672	9,668
Scheme liabilities	(16,461)	(15,928)
Deficit in the scheme – net pension liability recorded within pension provisions (Note 16)	(5,789)	(6,260)

	2018 £'000	2017 £'000
Current service cost	714	629
Past service and administration charges	12	13
Total operating charge	726	642

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

	2018 £'000	2017 £'000
Interest cost	433	352
Expected return on assets	(266)	(229)
Net charge to other finance income	167	123
Payments to the Fund	(381)	(327)
Charge to Income and Expenditure Statement	512	438

Analysis of other comprehensive income for LGPS pensions:

	2018 £'000	2017 £'000
Gains on assets	769	470
Experience gain/(loss) on liabilities	214	(1,402)
	983	(932)

**Notes to the financial statements
for the year ended 31 July 2018**

23 Pension Schemes (continued)

History of experience gains and losses – LGPS pensions

	2018	2017	2016	2015	2014
Difference between actual and expected return on scheme assets:					
Amount (£m)	769	470	660	550	(240)
Experience losses/(gains) on scheme liabilities:					
Amount (£m)	214	(1,402)	(1,500)	(980)	20

	2018 £'000	2017 £'000
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Cumulative actuarial loss recognised as other comprehensive income for LGPS

Cumulative actuarial losses recognised at the start of the year	2,386	1,880
Cumulative actuarial losses recognised at the end of the year	1,403	2,386

	2018 £'000	2017 £'000
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Analysis of movement in deficit for LGPS pension

Deficit at beginning of year	(6,260)	(4,890)
Contributions or benefits paid by the College	381	327
Current service cost	(714)	(629)
Other finance charge	(178)	(136)
Actuarial gain/ (loss) recognised in other comprehensive income	983	(932)
Deficit at end of year	(5,789)	(6,260)

	2018 £'000	2017 £'000
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Analysis of movement in the present value of LGPS

Present value of LGPS at the start of the year	15,928	13,540
Current service cost (net of member contributions)	714	629
Interest cost	433	352
Actual member contributions (including notional contributions)	148	149
Actuarial (gain)/loss	(214)	1,402
Actual benefit payments	(548)	(147)
Past service costs		3
Present value of LGPS liabilities at the end of the year	16,461	15,928

	2018 £'000	2017 £'000
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Analysis of movement in the fair value of scheme assets

Fair value of assets at the start of the year	9,668	8,650
Expected return on assets	266	229
Actuarial gain on assets	769	470
Actual contributions paid by College	381	327
Actual member contributions (including notional contributions)	148	149
Actual benefit payments	(548)	(147)
Administration expenses	(12)	(10)
Fair value of scheme assets at the end of the year	10,672	9,668

LGPS assets do not include any of the College's own financial instruments, or any property occupied by the College.

	2018 £'000	2017 £'000
Actual return on Scheme assets		
Expected return on Scheme assets	266	229
Asset gain	768	470
	1034	699

Estimated contributions for LGPS in the Financial Year 2018-19 is £330K assuming 95% member take up.