

**Coleg Penybont
Bridgend College**

**Adroddiad a Datganiadau
Ariannol**

**Report and Financial
Statements**

**Y flwyddyn a gwblhawyd 31
Gorffennaf 2022**

For the year ended 31 July 2022

Coleg Penybont
Bridgend College



KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2021/22:

Principal, Chief Executive Officer and Accounting Officer	Simon Pirotte
Deputy Principal - Curriculum / Teaching & Learning	Viv Buckley
Vice Principal - Resources	Andrew Gibbs
Vice Principal - Learner Journey, Systems and Inclusive Practice	Joe Baldwin
Vice Principal - Work Based Learning and Commercial Activity	Matthew Williams
Director of Curriculum and Quality	Elisabeth Evans
Director of People	Sam Morgan

Board of Governors

A full list of Governors is given on page 10 of these Financial Statements.

Mrs N Eyre acted as the Clerk to the Corporation.

Principal and registered office

Cowbridge Road, Bridgend, CF31 3DF

Professional advisers

Financial statements auditors and reporting accountants:
PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

Internal auditors:
TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Hampshire
PO14 1AH

Bankers
Barclays Bank PLC
Windsor Court
3 Windsor Place
Cardiff
CF103BX

Solicitors
Capital Law
Capital Building
Tyndall Street
Cardiff
CF10 4AZ

Eversheds Sutherland
1 Callaghan Square
Cardiff
CF10 5BT

Subsidiary Companies

The People Business Wales Limited
Engage Business Wales Limited
Bridgend College Enterprises Limited

Company number: 04083973
Company number: 09701651
Company number: 03378821

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STRATEGIC REPORT

Nature, objectives and strategies

The members present their report and the audited Financial Statements for the year ended 31 July 2022.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Bridgend College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The Corporation was incorporated as Bridgend College of Arts and Technology. On 1 October 2001, the Secretary of State granted consent to the Corporation to change the College's name to Bridgend College.

MISSION

The College mission statement is
Be all that you can be.

VALUES

- People centred
- Inspirational
- Passionate
- Innovative
- Inclusive
- Team player

Public Benefit

The college has many stakeholders including:

- Its current, future and past students
- Its staff and their trade unions. The trade unions of which Bridgend College staff are members are Unison and the University and College Union.
- The employers it works with.
- Its partner schools and universities, namely Penybont 6th Form, University of South Wales and Cardiff Metropolitan University.
- The wider college community
- Its local borough council, combined authority and Local Enterprise Partnership

Public Benefit

Bridgend College is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Cabinet Secretary for Education within Welsh Government. The members of the Governing Body are disclosed on page 10.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for

the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs)

The delivery of public benefit is covered throughout the Members' Report.

Implementation of strategic plan

The current strategic plan runs for the year from 1 August 2019 to 31 July 2024. The Corporation monitors the performance of the College, and the plan is reviewed and updated accordingly each year.

The College's continuing strategic objectives are to be:

- Excellent:
 - Achieve minimum of 90% successful completion for all learning pathways
 - Appear in top quartile for WG measures in all subject areas
 - Finance and achieve 21st Century facilities for all provision
- Efficient:
 - Reduce carbon emissions by 25%
 - Achieve a minimum of 2% turnover as operational surplus
 - Maintain a minimum 30 days' cash (net liquid assets)
 - Sustain staffing costs no greater than 65% of income
- Engaging:
 - Achieve top 10 in Sunday Times 100 Not for Profit Sector Companies
 - Achieve gold standard in the UK Well-being index report

STRATEGIC REPORT (continued)

Performance indicators

A series of corporate performance indicators have been agreed with the Governing Body to monitor the successful implementation of the policies. These are shown in the chart below:

KPI Ref.	College Targets	2022 Target	2022 Actual
1	Successful Completion	90%	80%
2	Estyn inspection of curriculum areas	Excellent	N/a
3	21 st Century facilities	Build STEAM Academy	Completed September 2021
4	Carbon emissions reduction	25%	Target due 2022/23
5	Operating Surplus as a % of Turnover (YTD) *	2%	2%
6	Cash expressed as number of days expenditure (YTD)***	30 days	106 days
7	Staff costs as a % of income**	65%	61%
8	Times Top 100 Employer accreditation	Top 10	22 nd
9	Staff Well-being Index	Gold	Gold

*Operating surplus is calculated by taking the overall surplus / (deficit) and stripping out FRS102 accounting adjustments (pension interest and holiday pay accrual movement) and exceptional items (see note 10).

**Staff costs is calculated by taking total staff costs and stripping out FRS102 accounting adjustments and holiday pay accrual movement.

Progress is tracked through the year at each Governing Body meeting, the final outcomes are detailed below:

KPI Ref.	College Targets - Commentary
1	The final Learner Outcome Report shows the College as delivering a Successful Completion rate for Main Qualifications of 80%.
2	The College was selected for a new pilot Estyn Inspection in March 2022 and received the Estyn Inspection Report in July 2022. While ratings such as 'Excellent' are no longer provided the report highlighted some areas of excellent practise and positively narrates the extraordinary inclusive support and care we provide for learners.
3	The STEAM academy was completed in September 2021.
4	Carbon emissions are on track to reduce by 25% before 2022/23 due to entering a new 100% renewables energy contract in 2020/21 and additional carbon savings from the new energy efficient STEAM Academy building.
5	A College Operating Surplus of £578k is equivalent to 2% of turnover.
6	Total cash stood at £11m at year end which equates to approximately 106 days of expenditure.
7	Staff costs of £23,150k is equivalent to 61% of income
8	The College won 22 nd place in the Times Top 100 'best large companies to work for in the UK', 8 th in the 'best companies to work for in Wales' and 3 rd in the UK within the 'education and training' category.
9	The college has been awarded gold in the UK Well-being Index Report

FINANCIAL POSITION

Financial results

The Group generated a loss before other gains and losses in the year of (£3,541k) (2020/21: deficit of £613k), with total comprehensive income of £14,775k (2020/21: deficit of £10,737k).

The group generated an 'operating surplus' of £483k (2020/21: £3,678k). To arrive at operating profit the group surplus before other gains and losses has been adjusted as follows:

	2022 £'000	2021 £'000
Loss before other gains & losses	(3,541)	(613)
Pension FRS102	3,910	3,478
Holiday pay accrual	37	(31)
Exceptional items	77	844
Operating profit	483	3,678

The Group has reserves of (£14,066k) (2020/21: (£709k)) which includes an actuarial gain in respect of pension schemes during the year of £18,316k. Group cash and short term investment balances of £11,060k (2020/21: £12,599k) were held at 31 July 2022.

Tangible fixed asset additions during the year amounted to £3,142k. This included land and buildings additions of £548k, equipment purchased of £2,324k and assets in the course of construction £270k.

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. The group also received significant funding from Welsh Government during the year to offset additional COVID-19 expenditure, totalling £2,985k (2020/21: £3,181k). In 2021/22, the FE funding bodies provided 69.9% (2020/21: 70.6%) of the Group's total income.

Other operating expenses has increased to £11,543k (2020/21: £7,491k) due to additional support provided to learners, implemented as a response to COVID-19. With the relaxing of COVID19 restrictions the College improved its income generating and other income streams, totalling £4,331k (2020/21: £3,536k).

Payroll costs excluding exceptional staff costs have increased to £26,721k (2020/21: £23,968k) as a consequence of an increase in noncash pension costs of

£3,530 (2020/21: £3,050) and an increase in staffing levels due to additional funding.

The College has three subsidiary companies; Engage Business Wales Limited, The People Business Wales Limited, and Bridgend College Enterprises Limited. The principal activities of Engage Business Wales Limited are the provision of commercial and bespoke employer training courses, whilst The People Business Wales limited carried out training courses for post 16 learners including The Prince's Trust Programme. Bridgend College Enterprises Limited and The People Business Wales Limited was dormant throughout the year. The People Business Wales Limited ceased trading in September 2019.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the College's Financial Regulations.

Cash flows and liquidity

The Group's cash balance at 31 July 2022 was £11 million; this is a decrease from last year's balance of £12.6 million. Net cash flow from operating activities increased this year, totalling £1.8 million (2020/21: £5.5 million).

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of the organisation, and ensures that there are adequate reserves to support the College's core activities.

Financial Health

The College has delivered improved financial health in recent years and are well placed should financial constraints on the further education sector materialise as a response to the 'cost of living' crisis.



Group - 2% operating surplus as a percentage of turnover in line with 2% target.



Group - 106 Cash days - exceeding Strategic Plan target of maintaining greater than 30 days.



Group - Staff costs as a percentage of income - exceeding target of 65%

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Learner numbers

In 2021/22, the College delivered to just under 2,100 Full-Time students and approximately 4,750 part-time students across a range of Further Education, Higher Education and Work Based Learning activities. Part time numbers have increased this year due growth in PLA funded courses. Despite a reducing demographic the College is confident of attracting increasing numbers of students as a result of a flexible curriculum, strong marketing and being recognised locally and nationally as an excellent College.

Learner achievements

Students continue to prosper at the College, and in addition to their academic performance the College is proud to report the following achievements of our learners:

Skills Competition Wales 2022

Bridgend College was delighted to have students winning awards this year:

- Cyber Security: Anthony Gleeson and Manavjeet Singh achieved Gold
- Heavy Vehicle technology: David Jones-Morgan achieved Gold and Stephen Hill achieved Silver
- Inclusive Skills (Health and Social Care): Chloe Phillips achieved Gold
- Brickwork: Callum Mays achieved Silver
- Fashion Design and Technology: Carina Miggiano achieved Silver
- A further 10 students achieved Bronze across various categories such as Popular Music and Industrial Robotics.

Curriculum developments

The College exists for its learners and will provide a range of curriculum choices that provide stimulating learning experiences for all which will assist the pursuit of a rewarding life and career. We wish to attract learners of all ages and backgrounds and to provide a personalised learning experience that will allow the development of the skills, knowledge and attributes necessary for successful outcomes, such as progression to further study, employment or personal development.

The College sees itself as a major resource for its local communities, essential to the economic well-being of the area which it serves and having a major role in the delivery of the Welsh Government's 4 key priorities for the FE sector:

- Jobs & Growth
- Financial Sustainability
- Equality & Equity
- International Benchmarking

We are committed to working closely with all our stakeholders, participating actively in all relevant local fora, and develop a curriculum that responds positively and flexibly to identified needs. The curriculum is critical in helping the College achieve a secure financial base and must be run efficiently so that we can achieve maximum value for money in the delivery of our services.

College Performance

The College has had another successful year, overall results for the 2021/22 academic year are unconfirmed, but the College is predicted to improve on its successful completion rates in main qualifications from 2020/21. In 2020/21 the College achieved 80% successful completion for all qualifications. The College also achieved 80% successful completion in main qualifications.

It's my shout Awards 2022

Two Gap Year alumni learners, Jacob and Peter, were awarded 'Actor of the Year' for 2021 and 2022 at the It's My Shout awards. Both students continued their studies after the Gap Year course, moving on to train at top drama schools in the UK.

St David's Awards 2022

A Bridgend College Horticulture apprentice, Daniel Lewis, won the 'Young Person' category Welsh Government's St David Awards. Daniel has so far cleaned up 25 tonnes of illegal rubbish in his home town of Merthyr.

The Curriculum Strategy is in line with the College's vision, values and strategic aims. The College will develop and support the continuous improvement of the complete learner experience and will aim to deliver an evolving curriculum that is prioritised in relation to social and economic need, government policy and resource availability.

The College aims to continually review its curriculum portfolio to:

- Meet and address demand
- Facilitate progression opportunities to higher level learning and employment
- Develop specialist and transferable skills and thus enhance employability
- Develop partnerships and collaboration opportunities with external organisations including business and industry, local employers, Councils, Chambers of Commerce, Schools and Learning Communities, Universities and Sector Skills Councils (SSCs)
- Develop Welsh Language opportunities
- Promote social inclusion, enterprise and entrepreneurship, education for sustainable development and global citizenship (ESDGC) and international opportunities

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998 requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. During the accounting year 1 August 2021 to 31 July 2022, the College achieved payment of 92 per cent of its invoices within 30 days. The prior year comparator stood at 93 per cent. The College incurred no interest charges in respect of late payment for this year.

Events after the end of the reporting year

There were no significant post Balance Sheet events.

Future prospects

The College continues to seek ways of increasing learner numbers and has plans in place to expand its offering of post-16 education courses. Significant growth has been achieved during recent years on the College's Work Based Learning contract. Despite a reduction this year, the College aims to maintain the current level of HE income in future years. It is anticipated that the new state of the art STEAM academy will attract additional students to the College in future years. The College already has a low reliability on central funding and seeks to further reduce its dependency by seeking opportunities for growth in commercial income, although this may prove difficult in the short term due to external factors such as COVID-19 or inflationary pressures.

Resources

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the two main college sites at Cowbridge Road and Pencoed which include significant areas of land; in addition, the College owns property at Queens Road, Bridgend Industrial Estate, Castle Street, Maesteg, and at the premises of The People Business Wales Limited in Holton Road, Barry.

Financial

The College has £14,066k total net assets which includes £8.1 million pension liability.

People

The College employs 581 people (expressed as full time equivalents).

Reputation

The College is award winning and has an excellent reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships. Success in 2021/22 included:

- Ranked number 45 on the National Diversity Awards' Inclusive Top 50 UK Employers List.
- Deputy principal, Viv Buckley awarded 'Outstanding Educator' at the World Federation of Colleges and Polytechnics World Congress leadership summit.
- Won the UK Green Gown Award for the '2030 Climate Action' category and receiving a 'highly

commended' in the International Green Gown Awards.

- Awarded Gold status in Mind Charity Workplace Wellbeing Index for third year running.
- Finalist for CIPD Wales Awards for the Best Learning and Development / Organisation Development Initiative 2021.
- Shortlisted for CMI 'Outstanding Training Provider of the Year' award 2022.
- For three years running our Day Nursery has featured as one of the top 20 day nursery in Wales in the daynurseries.co.uk awards.

Principal risks and uncertainties

Based on the strategic plan, the College undertakes a comprehensive review of the risks to which it is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and, through regular review, their effectiveness and progress is monitored. As part of this review process consideration is given to potential additional risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed at every Audit Committee and annually by the Governing Body. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a matrix scoring system.

Sustainability and Environmental

The College is wholly committed to reducing its impact on the environment at the local and global level and ensuring that sustainability remains an integral and fundamental part of the Colleges strategy for success. The College continues to be a sector leader in sustainability and work is on-going to embed a culture of sustainable development and global citizenship amongst our learners and staff.

The Bridgend College Sustainable Development Strategy 2021-2040 can be accessed via the website www.bridgend.ac.uk.

Equality and Diversity

The College is committed to a policy of equality of opportunity and diversity in everything it does. Bridgend College embraces diversity and will seek to promote its benefits in all of our activities. We will seek to develop a culture that reflects that belief. We will seek to widen the mediums in which we recruit to ensure as diverse as possible employee and candidate base.

We take positive steps to ensure that all current and prospective employees and students are not discriminated against, either directly or indirectly, on the grounds of gender, age, disability, marital status, sexual orientation, creed/religion, ethnic or national origin. We value the differences, needs and contributions a diverse workforce and customer base represents.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Equality and Diversity (continued)

The College places an obligation upon all our staff to respect and act in accordance with this policy. We are committed to providing equality and diversity training for all our staff.

Bridgend College extends this positive attitude in respect of equality and diversity to our contractors, students and the community.

We will be an equality and diversity champion and leader in:

- promoting equality and diversity
- challenging and eradicating discrimination
- providing responsive and accessible services

Within the overall framework of its statement of purpose and values, Bridgend College is committed to the principle and practice of equal opportunities and celebrates the diversity of people. We understand that these two concepts are not the same but are complementary. Without recognising and, most importantly, valuing differences between people, there cannot be true equality of opportunity. Moreover, Bridgend College promotes individual life-enhancing opportunities that respect all people.

The Bridgend College Gender Pay Gap report can be accessed via the website www.bridgend.ac.uk.

Disability Statement

Bridgend College has adopted the social model of disability as a fundamental principle and recognises that people are not disabled by their impairments but the way in which they are discriminated against by society.

The social model says that:

- Disability is caused by society's failure to adapt itself to the different ways in which people accomplish activities
- Society in general (and the non-disabled majority in particular) bears the responsibility for disabling those people who are prevented from accomplishing activities in their own ways

- Disability can be best overcome by society learning to adapt to the variety of its citizens
- In the social model, disability is seen as the extra problems that people with impairments face because society is not geared up to take account of their needs.

Bridgend College will:

- Increase awareness in the organisation about the needs of staff, students and visitors with disabilities and work to ensure our practices do not restrict use of our services or the contribution people with disabilities can make to our work.
- Make regular assessments of the accessibility of our sites and will actively seek opportunities to improve access to our premises' and services for people who have disabilities.
- We also recognise that disabilities may not always be visible and equally respect the wider needs of this group including individuals with mental health or debilitating conditions, including HIV and AIDS.

Learning & Development

The staff development programme incorporates the College's strategic aims, those of each Department and individual development needs. The College encourages staff to participate in cross college Learning & Development days and has developed a culture of continued professional development striving for consistency and excellence in teaching and learning across College. The College has a Learning & Development policy which can be accessed via the website www.bridgend.ac.uk.

Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 8 December 2022 and signed on its behalf by:



Simon Pirotte
Principal, Chief Executive Officer & Accounting Officer
8 December 2022

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the year from 1 August 2021 to 31 July 2022 and up to the date of approval of the Annual Report and Financial Statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in accordance with The Governance Code for Further Education published by Colegau Cymru in January 2016 (“the Code”);
- iii. having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.

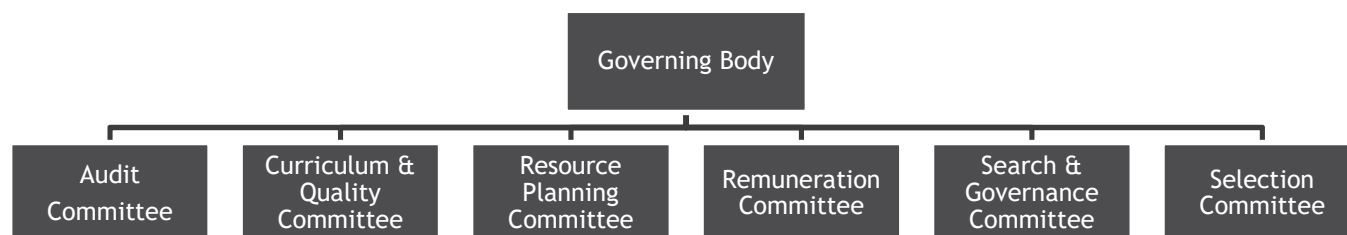
The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted aspects of corporate governance and

complies with the Code. However, the College has not formally adopted either of the Code of Good Governance for Colleges in Wales or the UK Corporate Governance Code 2018. We have reported on our corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with/exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2022. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Code of Good Governance for Colleges in Wales published by Colegau Cymru in 2016.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission’s guidance on public benefit and that the required statements appear elsewhere in these Financial Statements.

The Corporation structure



Audit Committee

The Audit Committee comprises up to six members of the Corporation (and excludes the Accounting Officer and the Chair). The Committee operates in accordance with written terms of reference approved by the Corporation. The Audit Committee meets at least three times during the year, and provides a forum for reporting by the College’s internal auditors, reporting accountants and Financial Statements auditors, who have access to the Committee for independent discussion, without the presence of College management.

The College’s internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal auditors, reporting accountants and Financial Statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

The Audit Committee met 4 times in the year to 31 July 2022. The members of the committee and their attendance records are shown below:

Committee member	Meetings attended
H Llewellyn	4/4
D J Finch	1/1
K Lewis	1/1
A Morgan	3/4
E Adamson	3/3
L Dobbs	1/1
J Greenidge	1/1

Curriculum & Quality Committee

The Curriculum & Quality Committee has responsibility for academic affairs of the College.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Resource Planning Committee

The Resource Planning Committee considers in detail all financial and resourcing aspects of the College. Particular attention is given to management accounts, forecasts, budgets and human resources. The committee also approves the College's Estate Strategy.

Remuneration Committee

Throughout the year ending 31 July 2022 the College's Remuneration Committee comprised five members of the Corporation. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration, terms and conditions and severance package(s) of the senior postholders.

Details of remuneration for the year ended 31 July 2022 are set out in the Note 8 to the Financial Statements

Search & Governance Committee

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search and Governance Committee, consisting of five members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration as well as advising the Corporation on all governance matters. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years. Members can be re-appointed for a second term but this is not an automatic right.

Selection Committee

The Selection Committee is responsible for the recruitment and selection of senior post-holders.

The Corporation

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets at least six times in an academic year, once each half term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are the Resource Planning Committee, Audit Committee, Curriculum and Quality Committee, Search and Governance Committee, Selection Committee and Remuneration Committee. Full minutes of all meetings, except those deemed to be confidential by the Corporation are available from the Clerk to the Corporation at:

Bridgend College, Cowbridge Road, Bridgend CF31 3DF

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

Corporation performance

The Governing Body undertakes an annual self-assessment exercise; a copy of these results can be requested by contacting Nicola Eyre, Clerk to the Corporation, Bridgend College, Cowbridge Road, Bridgend, CF31 3DF.

The Governing Body is committed to development and All members must complete the mandatory training on the Skillgate platform at least once every two years. The five compulsory modules are GDPR, Health & Safety, Prevent, Safeguarding and Equality & Diversity. Members are encouraged to access the training offered as part of the Education Training Foundation's (ETF) Governance Development Programme. Online courses, podcasts, self-directed study resources, face to face sessions, shadowing and coaching modules are available.

At the start of every Governing Body meeting in 2021-22, a Head of Curriculum presented an overview of their curriculum area(s) for the members to understand the strengths, opportunities, threats and challenges that they faced.

John Graystone, Alwena Morgan and Trish D'Souza attended the 'Managing Investigations' course run by Eversheds Sutherland in November 2021. The Clerk also attended this training.

The Governing Body has considered guidance on board reviews and has plans to commission an external reviewer in future but did not carry out a formal review in 2021/22.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The Corporation membership

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below.

Name	Date of Appointment	Term of office	Date of resignation / retirement	Status of appointment	Committees served	Attendance at Corporation Meetings
J Greenidge (Chair from 24 October 2021)	January 2021	4 years		Independent	Audit (until October 2021), Curriculum & Quality, Search & Governance (Chair), Selection (Chair), Remuneration	6/6
J Evans (Vice-Chair from February 2022)	March 2021	4 years		Independent	Curriculum & Quality (Chair), Remuneration (Chair), Resource Planning, Search & Governance, Selection	4/6
S Pirotte	June 2013			Principal and Chief Executive Officer	Curriculum & Quality, Resource Planning, Search & Governance, Selection	6/6
M Evans	March 2022	4 years		Staff Governor	Resource Planning	3/3
L Dobbs	March 2022	4 years		Staff Governor	Audit	2/3
E Guild	September 2021	1 year		Student Governor	Curriculum & Quality	4/6
J O'Sullivan-Woodward	September 2021	1 year		Student Governor	Curriculum & Quality	4/6
J Graystone	October 2014 Reappointed October 2018	4 years 4 years		Independent	Resource Planning, Selection, Remuneration, Search & Governance	6/6
S Pryce	October 2015 Reappointed October 2019	4 years 4 years		Independent	Resource Planning (Chair)	5/6
H Llewellyn	September 2017 Re-appointed September 2021	4 years 4 years		Independent	Audit (Chair)	6/6
J Longville	December 2018	4 years		Independent	Curriculum & Quality	2/6
T D'Souza	September 2019	4 years		Independent	Remuneration	4/6
J Oak	December 2020	4 years		Local Employer representative	Resource Planning	4/6
D Lewis-Whelan	January 2021	4 years		Independent	Resource Planning	1/6
E Adamson	October 2021	4 years		Independent	Audit, Curriculum & Quality	5/6
P Croke (Chair)	October 2013 Reappointed October 2017	4 years 4 years	October 2021	Independent	Curriculum & Quality (Chair), Search & Governance (Chair), Selection (Chair), Remuneration, Resource Planning	1/1
D J Finch (Vice-Chair)	October 2012 Reappointed October 2016 (extended by 1 year to October 2021)	4 years 4 years plus 1 year	October 2021	Independent	Remuneration (Chair), Audit, Search & Governance, Selection	1/1
K Lewis	October 2013 Re-appointed October 2017	4 years 4 years	October 2021	Independent	Audit, Search & Governance, Selection, Remuneration	1/1
C Smith	October 2019	4 years	November 2021	Independent	Curriculum & Quality	1/1
A Morgan	February 2020	4 years	July 2022	Independent	Audit, Search & Governance	5/6
C Swain	June 2019	4 years		Co-opted	Curriculum & Quality	3/3
S Wyatt-Williams	March 2021	4 years		Co-opted	Resource Planning	4/4
G Betts	February 2020 Sabbatical October 2020 to October 2021	4 years	June 2022	Co-opted	Resource Planning	0/3

Mrs N. Eyre acts as Clerk to the Corporation.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bridgend College for the year ended 31 July 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation
- regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines

- the adoption of formal project management disciplines, where appropriate.

Bridgend College has an internal audit service, which operates in accordance with the requirements of the Welsh Government's Further Education Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At a minimum, annually, the Head of Internal Audit (HIA) provides the Corporation with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Statement from the Audit Committee

The Audit Committee has advised that the corporation has an effective framework for the governance and risk management in place. The Audit Committee believes the corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2021/22 and up to the date of the approval of the financial statements are:

- Risk management - Embedding
- Cyber Security
- Strategic Planning and Control
- Estates Strategy
- Marketing, recruitment and Retention
- Budgetary Control and Capital Programme, General Ledger and Fixed Assets
- Work-Based Learning

Significant progress has been made during the year on management audit actions and the committee agreed that substantial reliance could be placed on the effectiveness of the college's audit arrangements and the college's risk management, control and governance arrangements.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's Financial Statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior leadership team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior leadership team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by

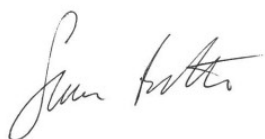
exception. At its December 2022 meeting, the corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the senior leadership team and internal audit and taking account of events since 31 July 2021.

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

Going concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the Financial Statements.

Approved by order of the members of the Corporation on 8 December 2022 and signed on its behalf by:



Simon Pirotte
Principal, Chief Executive Officer & Accounting Officer
8 December 2022



Jeff Greenidge
Chair of Governors
8 December 2022

GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

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

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

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



Simon Pirotte
Principal, Chief Executive Officer & Accounting Officer
8 December 2022

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



Jeff Greenidge
Chair of Governors Officer
8 December 2022

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

The members of the Corporation are required to present audited Financial Statements for each financial year.

Within the terms and conditions of the Financial Memorandum between the Welsh Government and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare Financial Statements for each financial year in accordance with the 2019 Statement of Recommended Practice - Accounting for Further and Higher Education and with the Welsh Governments Accounts Direction 2021 to 2022, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the Financial Statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements
- Assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate
- prepare Financial Statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

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

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

The Corporation of the College is responsible for the maintenance and integrity of its website; 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. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

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

Approved by order of the members of the Corporation on 8 December 2022 and signed on its behalf by:



Jeff Greenidge
Chair of Governors
8 December 2022

INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF BRIDGEND COLLEGE (THE "INSTITUTION")

Report on the audit of the financial statements

Opinion

In our opinion, Bridgend College's group financial statements and institution financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and the institution's affairs as at 31 July 2022, and of the group's and institution's income and expenditure and the group's 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 properly prepared in accordance with the Accounts Direction issued by the Welsh Government.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise the Consolidated and College Balance Sheets as at 31 July 2022; the Consolidated and College Statements of Comprehensive Income & Expenditure, the Consolidated and College Statements of Changes in Reserves and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a summary of 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 group 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.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and institution's ability to continue as a going concern.

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

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 Corporation 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 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.

INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF BRIDGEND COLLEGE (THE "INSTITUTION") (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the Corporation for the financial statements

As explained more fully in the Statement of Responsibilities of the Members of the Corporation, the Corporation 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 Corporation 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 Corporation is responsible for assessing the group's and 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 Corporation either intends to liquidate the group and 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.

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

Based on our understanding of the group /industry, we identified that the principal risks of non-compliance with laws and regulations related to UK health & safety and employment legislation together with the Financial Memorandum between the College and the Welsh Government, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Accounts Direction issued by the Welsh Government. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent transactions designed to overstate the financial performance and position of the group. Audit procedures performed included:

- Reviewing committee meeting minutes and holding discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Using computer based audit techniques to identify and test higher risk manual journals, in particular those having unusual account combinations;
- Reviewing the appropriateness of the assumptions used by the group in estimating the value of defined benefit pension scheme deficits; and
- Obtaining third party confirmations of all the group's banking and financing arrangements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 Corporation as a body in accordance with Article 18 of the institution's Articles of Government 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.

INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF BRIDGEND COLLEGE (THE "INSTITUTION") (continued)

Other Required Reporting

Opinions on other matters prescribed in the Further Education Audit Code of Practice 2015 issued by the Welsh Government

In our opinion, in all material respects:

- monies expended out of Welsh Government grants and other funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation; and
- income has been applied in accordance with the financial memorandum with the Welsh Government.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
8 December 2022

CONSOLIDATED AND COLLEGE STATEMENTS OF COMPREHENSIVE INCOME & EXPENDITURE

	Notes	Year ended 31 July 2022		Year ended 31 July 2021	
		Group £'000	College £'000	Group £'000	College £'000
Income					
Funding body grants	2	26,743	26,743	24,346	24,346
Tuition fees and education contracts	3	7,196	7,196	6,581	6,581
Other grants and contracts	4	1,156	1,156	1,128	1,128
Other income	5	3,193	3,124	2,455	2,424
Investment income	6	26	26	12	12
Total income		38,314	38,245	34,522	34,491
Expenditure					
Staff costs	8	26,721	26,717	23,968	23,967
Exceptional staff costs	10	77	77	35	35
Other operating expenses	9	10,113	9,959	7,491	7,379
Depreciation and Amortisation	13,14	2,893	2,887	2,138	2,125
Interest and other finance costs	11	621	621	694	694
Exceptional items	10	1,430	1,481	809	769
Total expenditure		41,855	41,742	35,135	34,969
Surplus before exceptional and non-cash items		3,102	3,191	4,352	4,434
Exceptional items	10	1,507	1,558	844	804
Non-cash items:					
FRS 102 pension	27	3,910	3,910	3,478	3,478
Depreciation & Amortisation	13,14	2,893	2,887	2,138	2,125
Release of capital grants	2, 4	(1,667)	(1,667)	(1,495)	(1,495)
Loss for the year		(3,541)	(3,497)	(613)	(478)
Actuarial gain in respect of pensions schemes	27	18,316	18,316	11,350	11,350
Total comprehensive income for the year		14,775	14,819	10,737	10,872
Represented by:					
Unrestricted comprehensive income		14,775	14,819	10,737	10,872
		14,775	14,819	10,737	10,872

The Statement of Comprehensive Income & Expenditure is in respect of continuing activities.

CONSOLIDATED AND COLLEGE STATEMENTS OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2022

Group	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2020	(18,319)	6,873	(11,446)
Loss from the income and expenditure account	(613)	-	(613)
Other comprehensive income	11,350	-	11,350
Total comprehensive income for the year	10,737	-	10,737
Transfers between revaluation and income and expenditure reserves	55	(55)	-
Balance at 31 July 2021	(7,527)	6,818	(709)
Loss from the income and expenditure account	(3,541)	-	(3,541)
Other comprehensive income	18,316	-	18,316
Total comprehensive income for the year	14,775	-	14,775
Transfers between revaluation and income and expenditure reserves	55	(55)	-
Balance at 31 July 2022	7,303	6,763	14,066

College	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2020	(18,666)	6,873	(11,793)
Loss from the income and expenditure account	(478)	-	(478)
Other comprehensive income	11,350	-	11,350
Total comprehensive income for the year	10,872	-	10,872
Transfers between revaluation and income and expenditure reserves	55	(55)	-
Balance at 31 July 2021	(7,739)	6,818	(921)
Loss from the income and expenditure account	(3,497)	-	(3,497)
Other comprehensive income	18,316	-	18,316
Total comprehensive income for the year	14,819	-	14,819
Transfers between revaluation and income and expenditure reserves	55	(55)	-
Balance at 31 July 2022	7,135	6,763	13,898

CONSOLIDATED AND COLLEGE BALANCE SHEETS AS AT 31 JULY

	Notes	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Non-current assets					
Tangible Fixed assets	13	55,973	55,888	55,742	55,651
Intangible Fixed assets	14	43	43	21	21
Investments	16	-	-	-	-
		56,016	55,931	55,763	55,672
Current assets					
Stocks		23	23	28	28
Trade and other receivables	17	1,623	1,531	1,273	1,236
Cash and cash equivalents	22	11,060	11,022	12,599	12,559
		12,706	12,576	13,900	13,823
Creditors - amounts falling due within one year	18	(7,532)	(7,485)	(7,695)	(7,739)
Net current assets		5,174	5,091	6,205	6,084
Total assets less current liabilities		61,190	61,022	61,968	61,756
Creditors - amounts falling due after more than one year	19	(37,655)	(37,655)	(39,072)	(39,072)
Provisions					
Defined benefit obligations	21	(8,140)	(8,140)	(22,280)	(22,280)
Other provisions	21	(1,329)	(1,329)	(1,325)	(1,325)
Net Assets / (liabilities)		14,066	13,898	(709)	(921)
Unrestricted Reserves					
Income and expenditure account		7,303	7,135	(7,527)	(7,739)
Revaluation reserve		6,763	6,763	6,818	6,818
Total unrestricted reserves		14,066	13,898	(709)	(921)

The Financial Statements on pages 18 to 40 were approved by the Board of Governors on 8 December 2022 and signed on its behalf by:



Jeff Greenidge
Chairman of the Board
of Governors



Simon Pirotte
Principal, CEO & Accounting Officer



Andrew Gibbs
Vice Principal - Resources

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 JULY

	Notes	2022 £'000	2021 £'000
Cash flow from operating activities			
Loss for the year		(3,541)	(613)
Adjustment for non-cash items			
Depreciation and amortisation	13,14,15	2,893	2,947
Decrease in stocks		5	5
Deferred capital grants released to income	2, 4	(1,667)	(1,495)
(Increase) / decrease in debtors	17	(350)	409
(Decrease) / increase in creditors due within one year	18	(30)	657
Increase / (decrease) in creditors due after one year	19	27	(21)
Increase / (decrease) in provisions	21	290	(133)
Pensions costs less contributions payable		3,510	3,032
Adjustment for investing or financing activities			
Investment income	6	(26)	(12)
Interest payable	11	621	694
Loss on sale of fixed assets		45	-
Net cash flow from operating activities		1,777	5,470
Cash flows from investing activities			
Investment income	6	26	12
Capital grants received		1,746	11,735
Payments made to acquire fixed assets		(3,191)	(21,097)
		(1,419)	(9,350)
Cash flows from financing activities			
Interest paid	11	(241)	(266)
Repayments of amounts borrowed		(1,656)	(858)
		(1,897)	(1,124)
Decrease in cash and cash equivalents in the year		(1,539)	(5,004)
Cash and cash equivalents at beginning of the year	22	12,599	17,603
Cash and cash equivalents at end of the year	22	11,060	12,599

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of accounting policies and estimation techniques

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements.

Basis of preparation

These Financial Statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), *the College Accounts Direction for 2021 to 2022* issued by Welsh Government, and in accordance with Financial Reporting Standard 102 - *“The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102)*. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Basis of accounting

The Financial Statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Basis of consolidation

The consolidated Financial Statements include the College and its subsidiaries, Bridgend College Enterprises Limited, The People Business Wales Limited and Engage Business Wales Limited controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All Financial Statements are made up to 31 July 2022.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The Group has net current assets of £5,174k (2021: Net current assets £6,205k). Within this figure is £2,404k (2021: £2,073k) of holiday pay accrual and deferred capital grants that will not result in any outflow of cash.

The Group currently has £9.65m of loans outstanding with Welsh Government on terms negotiated in 2020; during the STEAM Academy construction and is payable over 20 years. The Groups forecasts and financial projections indicate that it will be able to operate within this existing facility for the foreseeable future.

Consequently, the Group has a reasonable expectation that it will have sufficient resources to meet its liabilities as they

fall due for at least 12 months from the date of approval of the financial statements and have therefore adopted the going concern basis in the preparation of these financial statements.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the year of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income & Expenditure. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from Welsh Government represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income & Expenditure.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as the conditions are met.

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Fee income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the year for which it is received.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Statement of accounting policies and estimation techniques (continued)

Investment income

All income from short-term deposits is credited to the income and expenditure account in the year in which it is earned on a receivable basis.

Agency arrangements

The College acts as an agent in the collection and payment of Access Funds. Related payments received from Welsh Government and the subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in Note 29, except for the 3 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Access Fund applications and payments.

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Rhondda Cynon Taff County Borough Council Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payrolls. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the Statement of Comprehensive Income & Expenditure in the years during which services are rendered by employees.

Rhondda Cynon Taff Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income & Expenditure and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the year by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the

actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

Short term Employment benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the Balance Sheet.

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

A full revaluation of all College land and buildings was undertaken as at 31 July 1996 on an "existing use" basis.

Land and buildings

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996 and land which was retained in transition, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Statement of accounting policies and estimation techniques (continued)

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment with a value of less than £500 and/or a life of less than one year is written off to the income and expenditure account in the period of acquisition.

All other equipment is capitalised at cost. Both inherited assets at valuation and assets acquired after 1 April 1993 are depreciated over their useful economic life as follows:

General Equipment	5 years
Furniture and Fittings	5 years
Motor Vehicles	4 years
Computer Equipment	4 years
Plant and Machinery	10 years

Where equipment is acquired with the aid of specific grants, it is depreciated (see Note 13) in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to income over the expected useful economic life of the related equipment.

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. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income & Expenditure.

Goodwill

On the acquisition of a business, fair values are attributed to the net assets acquired. The difference between the cost of the acquisition and the values attributed to such net assets is treated as goodwill. Where the values attributable to the net assets acquired exceeds the cost of acquisition, negative goodwill arises and is recognised in the income and expenditure account in the period in which the non-monetary assets are recovered, whether through depreciation or disposal. Negative goodwill is amortised over a period of 20 years. Goodwill arising on consolidation is being amortised over a period of 8 years.

Borrowing costs

Borrowing costs are recognised as expenditure in the year in which they are incurred.

Non-current Assets - Intangible Fixed Assets - Software

In accordance with FRS102 software with a value of more than £500 and a useful life of greater than one year is capitalised at cost and amortised over their useful economic life of 4 years.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Income & Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual Financial Statements.

Other investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

Inventories

Inventories are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Statement of accounting policies and estimation techniques (continued)

Cash and cash equivalents

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost; however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the Balance Sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year with all resulting exchange differences being taken to income in the year in which they arise.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions and contingent liabilities

Provisions are recognised when:

- the College has a present legal or constructive obligation as a result of a past event,
- it is probable that a transfer of economic benefit will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the Statement of Comprehensive Income & Expenditure in the year it arises.

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

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in the Notes to the Financial Statements.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these Financial Statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Statement of accounting policies and estimation techniques (continued)

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 27, will impact the carrying amount of the pension liability.

Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Funding body grants	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Department for Education and Skills (DfES)	21,163	21,163	18,776	18,776
Specific grants				
Releases of government capital grants	1,559	1,559	1,367	1,367
Skills Priority Programme	225	225	278	278
Learners with Learning Difficulties	811	811	744	744
COVID19	2,985	2,985	3,181	3,181
Total	26,743	26,743	24,346	24,346

3. Tuition fees and education contracts	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Apprenticeship fees and contracts	4,402	4,402	3,588	3,588
Fees for FE loan supported courses	532	532	483	483
Fees for HE loan supported courses	1,968	1,968	2,307	2,307
Total tuition fees	6,902	6,902	6,378	6,378
Education contracts	294	294	203	203
Total	7,196	7,196	6,581	6,581

4. Other grants and contracts	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
European Commission	18	18	47	47
Other grant income	1,030	1,030	748	748
Non-government capital grants released	108	108	128	128
Coronavirus Job retention Scheme grant	-	-	205	205
Total	1,156	1,156	1,128	1,128

The corporation furloughed some of the catering, nursery and cleaning staff under the Governments Coronavirus Job Retention scheme in 2020/2021. The funding received relates to staff costs which are included within the staff costs note 8.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Other income	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	1,874	1,874	1,458	1,458
Other income generating activities	984	915	635	604
Miscellaneous income	335	335	362	362
Total	3,193	3,124	2,455	2,424

6. Investment income	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	26	26	12	12
Total	26	26	12	12

7. Donations and endowments	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Unrestricted donations	-	-	-	-
Total	-	-	-	-

8. Staff costs

The average number of persons (including key management personnel) employed during the year was:

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	No.	No.	No.	No.
Teaching staff	348	348	322	322
Non-teaching staff	407	389	371	352
Total	755	737	693	674

The average number of persons (including key management personnel) employed during the year, described as full-time equivalents, was:

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	No.	No.	No.	No.
Teaching staff	265	265	279	279
Non-teaching staff	318	316	245	243
Total	583	581	524	522

NOTES TO THE FINANCIAL STATEMENTS (continued)

Staff costs (continued)

Staff costs for the above persons	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Wages and salaries	17,910	17,906	16,172	16,171
Social security costs	1,648	1,648	1,454	1,454
Other pension costs	3,419	3,419	3,117	3,117
Payroll sub total	22,977	22,973	20,743	20,742
Contracted out staffing services	214	214	175	175
Restructuring costs	77	77	35	35
FRS102 non cash costs	3,530	3,530	3,050	3,050
Total staff costs	26,798	26,794	24,003	24,002

Staff are employed on national pay scales which can be accessed on the Colleges Wales website www.collegeswales.ac.uk.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprises the Principal, Deputy Principal, Vice Principal, Assistant Principal, Executive Director and the Directors. Staff costs include compensation paid to key management personnel for loss of office. A committee of Governors determines the remuneration for senior post holders, including the Principal, Deputy Principal and Vice Principals, this is done in line with benchmarking information and meetings are minuted.

Emoluments of Key management personnel, Accounting Officer and other higher paid staff

	2022	2021
	College	College
	No.	No.
The number of key management personnel including the Accounting Officer was:	7	7

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	Key management personnel	
	2022	2021
	College	College
	No.	No.
£0 to £30,000 p.a.	-	-
£30,001 to £40,000 p.a.	1	-
£40,001 to £50,000 p.a.	-	-
£50,001 to £60,000 p.a.	-	-
£60,001 to £70,000 p.a.	1	2
£70,001 to £80,000 p.a.	2	2
£80,001 to £90,000 p.a.	-	-
£90,001 to £100,000 p.a.	2	2
£100,001 to £110,000 p.a.	-	-
£110,001 to £120,000 p.a.	-	-
£120,001 to £130,000 p.a.	-	-
£130,001 to £140,000 p.a.	-	-
£140,001 to £150,000 p.a.	-	-
£150,001 to £160,000 p.a.	-	1
£160,001 to £170,000 p.a.	1	-
	7	7

NOTES TO THE FINANCIAL STATEMENTS (continued)

Staff costs (continued)

Key management personnel emoluments are made up as follows:

	2022 College £'000	2021 College £'000
Salaries - gross of salary sacrifice and waived emoluments	620	626
Employers National Insurance	80	78
Pension contributions	125	117
Total key management personnel compensation	825	821

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above emoluments include amounts payable to the Principal (who is also the highest paid officer) of:

	2022 College £'000	2021 College £'000
Salaries	162	152
Pension contributions	38	36
Total emoluments	200	188

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple:

	2022 College	2021 College
Principal/CEO's basic salary as a multiple of the median of all staff	6.0	5.7
Principal/CEO's total remuneration as a multiple of the median of all staff	6.4	6.1

There was no compensation for loss of office paid to former higher paid employees in 2021/22 (2020/21: £0k).

9. Other operating expenses	Year ended 31 July		Year ended 31 July	
	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Teaching costs	4,196	4,196	2,892	2,892
Non-teaching costs	4,099	3,945	3,249	3,137
Premises costs	1,818	1,818	1,350	1,350
Total	10,113	9,959	7,491	7,379
Other operating expenses include:	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Auditors' remuneration:				
Financial Statements audit	35	29	37	27
Internal audit	11	11	23	23
Other services provided by the Financial Statements auditors*	12	12	12	12
Hire of assets under operating leases	260	260	275	275

* includes £12,000 in respect of the Teachers' Pension and Welsh Government funding audit (2020/21: £12,000)

Internal Audit services are provided by TIAA Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Exceptional items	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Intercompany debt write off	-	51	-	(40)
Redundancy costs	77	77	35	35
Town Centre exploratory expenditure	1,430	1,430	-	-
Impairment charge	-	-	809	809
Total	1,507	1,558	844	804

In September 2019, The People Business Wales Limited ceased trading. No additional intercompany debt was incurred within The People Business Wales Limited during 2021/22. A bad debt provision which reduces trade receivables has been included within these financial statements and was reduced by £88,000 to a £0 balance in 2021/22.

Further intercompany debt was incurred within Engage Business Wales Limited during 2021/22. A bad debt provision which reduces trade receivables has been increased within these financial statements by £139,000 in 2021/22.

A restructuring exercise, authorised by the Corporation was completed in 2021/22 at a cost of £77,000. £77,000 related to contractual costs and £0 related to non-contractual costs.

The College incurred a number of exploratory costs totalling £1,430k in 2021/22, for services such as architect's fees and various surveys while investigating the potential of a new Town centre campus.

An impairment exercise was completed in 2020/21 focusing on buildings being vacated upon the opening of the new STEAM Academy in the 2021/22 academic year. As a result, an impairment charge of £809,000 was included within the prior year financial statements.

11. Interest and other finance costs	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
On bank loans, overdrafts and other loans:	241	241	266	266
Net interest on defined pension liability (Note 27)	380	380	428	428
Total	621	621	694	694

12. Taxation	Year	Year
	ended	ended
	31 July	31 July
	2022	2021
Group	Group	
£'000	£'000	
United Kingdom corporation tax	-	-

The members do not believe that the college was liable for any corporation tax arising out of its activities during either year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Tangible fixed assets (Group)

	Land and buildings £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation				
At 1 August 2021	31,637	7,163	28,766	67,566
Additions	548	2,324	270	3,142
Disposals	-	-	(45)	(45)
Transfer	27,851	870	(28,721)	-
At 31 July 2022	60,036	10,357	270	70,663
Accumulated depreciation				
At 1 August 2021	7,040	4,784	-	11,824
Charge for the year	1,484	1,382	-	2,866
At 31 July 2022	8,524	6,166	-	14,690
Net book value at 31 July 2022	51,512	4,191	270	55,973
Net book value at 31 July 2021	24,597	2,379	28,766	55,742

Land and buildings were valued in 1996 at depreciated replacement cost by a firm of independent chartered surveyors. Land at the Pencoed Campus, Brigam & Fronwen Farms, and the campus at Cowbridge Road were revalued as part of the transition to FRS102.

The Group acquired fixed assets of £154,000 on the acquisition of The People Business: Wales Limited in November 2013. At 1 August 2014 Savills (UK) Limited valued certain land owned by the College.

The aggregate Fair Value of the properties, as at 1st August 2014, was:

- Property Valuation Land at Pencoed College, Pencoed, Bridgend, CF35 5LG - £3,600,000
- Land at Bridgend College, Cowbridge Road, Bridgend, CF31 3DF - £3,000,000
- Land at Brigam & Fronwen Farms, Llanharry, CF72 9JX - £570,000

As described in the accounting policies the carrying values of freehold land at 1 August 2014 has been taken as deemed cost.

13. Tangible fixed assets (College)

	Land and buildings £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation				
At 1 August 2021	31,384	6,994	28,766	67,144
Additions	548	2,324	270	3,142
Disposals	-	-	(45)	(45)
Transfer	27,851	870	(28,721)	-
At 31 July 2022	59,783	10,188	270	70,241
Accumulated depreciation				
At 1 August 2021	6,865	4,628	-	11,493
Charge for the year	1,484	1,376	-	2,860
At 31 July 2022	8,349	6,004	-	14,353
Net book value at 31 July 2022	51,434	4,184	270	55,888
Net book value at 31 July 2021	24,519	2,366	28,766	55,651

Freehold land and buildings includes non-depreciated land of £7.20 million (2020/21: £7.20 million).

NOTES TO THE FINANCIAL STATEMENTS (continued)

Tangible fixed assets (College) (continued)

Land and buildings with a net book value of £3.016 million (2020/21: £3.071 million) have been inherited from Mid Glamorgan County Council and £5.073 million upon the acquisition of Pencoed College (2020/21: £5.146 million). Should these assets be sold, the College would either have to surrender the sale proceeds to DfES or use them in accordance with the financial memorandum with DfES.

No tangible fixed assets are pledged as security for the College's loans.

The net book value of fixed assets determined according to the historical cost convention is £48.418 million (2020/21: £48.181 million).

14. Intangible fixed assets (Group and College)	Software £'000
Cost or valuation	
At 1 August 2021	438
Additions	49
At 31 July 2022	487
Accumulated depreciation	
At 1 August 2021	417
Charge for the year	27
At 31 July 2022	444
Net book value at 31 July 2022	43
Net book value at 31 July 2021	21

15. Net Goodwill (Group)	Goodwill 2022 £'000	Negative Goodwill 2022 £'000	Total 2022 £'000	Total 2021 £'000
Cost or valuation				
At 1 August 2021	340	(2,363)	(2,023)	(2,023)
At 31 July 2022	340	(2,363)	(2,023)	(2,023)
Accumulated amortisation				
At 1 August 2021	340	(2,363)	(2,023)	(2,023)
At 31 July 2022	340	(2,363)	(2,023)	(2,023)
Net book value at 31 July 2022	-	-	-	-
Net book value at 31 July 2021	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Investments	31 July 2022 College £'000	31 July 2021 College £'000
Investments in subsidiary companies	-	-
Total	-	-

The College owns 100 per cent of the issued shares of Bridgend College Enterprises Limited. The principal business activity of the company was the provision of education and training services. On 1 August 2009, the trade assets and liabilities of the company were transferred to the College, following which the company ceased to trade.

The College acquired 100 per cent of the shares in The People Business Wales Limited at a cost of £362,000 on 31 October 2012. This investment has been impaired in 2017/18 financial year. The principal activity of the company was the provision of training services and employment opportunities for learners in and around Barry, South Wales. The People Business Wales Limited ceased trading in September 2019.

The College set up Engage Business Wales Limited which is the business focused and commercial element of Bridgend College on 1 September 2015. The principal activity of the company is to provide bespoke work based training solutions for businesses and a wide variety of courses for individuals looking to update their skills.

These Financial Statements include the results for trading subsidiaries for the year ending 31 July 2022.

17. Trade and other receivables	31 July 2022		31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Amounts falling due within one year				
Trade receivables	453	361	114	77
Other taxation and social security	3	3	6	6
Prepayments and accrued income	1,167	1,167	1,153	1,153
Total	1,623	1,531	1,273	1,236

18. Creditors amounts falling due within one year	31 July 2022		31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans	454	454	878	878
Trade payables	2,213	2,213	641	641
Amounts owed to group undertakings:				
Subsidiary undertakings	-	45	-	150
Accruals and deferred income	2,461	2,372	4,103	3,997
Accrued holiday pay	784	781	744	744
Deferred income - government capital grants	1,620	1,620	1,329	1,329
Total	7,532	7,485	7,695	7,739

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Creditors amounts falling due after more than one year	31 July		31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank loans	9,198	9,198	10,430	10,430
Deferred income - government capital grants	28,427	28,427	28,639	28,639
Other Creditors	30	30	3	3
Total	37,655	37,655	39,072	39,072

20. Maturity of debt

Bank loans and overdrafts	31 July		31 July	
	Group	College	Group	College
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Bank loans and overdrafts are repayable as follows:				
In one year or less	454	454	878	878
Between one and two years	464	464	859	859
Between two and five years	1,450	1,450	1,793	1,793
In five years or more	7,284	7,284	7,778	7,778
Total	9,652	9,652	11,308	11,308

As at 31 July 2022, the College had one loan with a capital balance outstanding of £9.65 million (2020/21: 4 with balance outstanding of £11.31 million). The Welsh Government loan is repayable in quarterly instalments over 20 years from April 2020. Interest is linked to European Commission's base reference rate plus 1.0%.

Bank Loans 1, 2 and 3 have been paid off during the year. They were secured by a charge on blocks E, F, G and J located at Bridgend College, and land and buildings comprising Pencoed College and Land at Fronwen.

21. Provisions (Group and College)

	Defined benefit obligation	Restructuring	Enhanced pensions	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2021	22,280	-	1,255	70	23,605
Expenditure in the year	-	-	(82)	-	(82)
Additions in the year	3,890	37	20	315	4,262
Actuarial gain	(18,030)	-	(286)	-	(18,316)
At 31 July 2022	8,140	37	907	385	9,469

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 27.

The restructuring provision relates to the exceptional restructuring costs arising from a curriculum planning exercise and for which redundancy notices were served in July 2022.

The enhanced pension provision relates to the cost of staff that who have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Provisions (Group and College) (continued)

The principal assumptions for this calculation are:

	2022	2021
Price inflation	2.9%	2.6%
Discount Rate	3.3%	1.6%

Other provisions relate to the dilapidation costs of the College 3G Pitch and the potential clawback from Welsh Government for Learner and Progression funding.

22. Cash and cash equivalents (Group and College)	At 01 August 2021 £'000	Cash flows £'000	Other changes £'000	At 31 July 2022 £'000
Cash and cash equivalents	12,599	(1,539)	-	11,060
Total	12,599	(1,539)	-	11,060

23. Capital and other commitments (Group and College)	Year ended 31 July 2022 Group £'000	Year ended 31 July 2022 College £'000	Year ended 31 July 2021 Group £'000	Year ended 31 July 2021 College £'000
Commitments contracted	747	747	856	856

24. Lease obligations

The College had minimum lease payments under non-cancellable operating leases as follows:

	31 July 2022 Group £'000	31 July 2022 College £'000	31 July 2021 Group £'000	31 July 2021 College £'000
Future minimum lease payments due				
Land and buildings				
Not later than one year	130	130	130	130
Later than one year and not later than five years	522	522	522	522
Later than five years	6,387	6,387	6,518	6,518
	7,039	7,039	7,170	7,170
Other				
Not later than one year	130	130	145	145
Later than one year and not later than five years	48	48	89	89
	178	178	234	234
Total lease payments due	7,217	7,217	7,404	7,404

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Contingent liabilities

There are no contingent liabilities to report at the end of the reporting year.

26. Events after the reporting period

There are no reporting events due after the reporting period

27. Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Rhondda Cynon Taff Borough Council. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019.

Total pension cost for the year	2022 £000	2021 £000
Teachers' Pension Scheme: contributions paid	2,004	1,893
Local Government Pension Scheme:		
Contributions paid	1,415	1,223
FRS 102 (28) charge	3,530	3,050
Charge to the Statement of Comprehensive Income & Expenditure	4,945	4,273
Total pension cost for year within staff costs	6,949	6,166

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The key results of the valuation are:

- New employer contribution rates were set at 23.68% of pensionable pay, including administration fees of 0.08% (compared to 16.48% during 2018/19);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 2.8% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.86%.

The new employer contribution rate for the TPS was implemented in September 2019.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Defined benefit obligations (continued)

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location: <https://www.teacherspensions.co.uk/-/media/documents/member/documents/news-items/teachers-pension-scheme-actuarial-valuation-2016.ashx>

The pension costs paid to TPS in the year amounted to £2,004k (2020/21: £1,893k).

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Rhondda Cynon Taff Borough Council Local Authority. The total contributions made for the year ended 31 July 2022 were £1,970,000, of which employer's contributions totalled £1,420,000 and employees' contributions totalled £550,000. The agreed contribution rates for future years are 16.1% (from 1 April 2020) for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary.

	At 31 July 2022	At 31 July 2021
Rate of increase in salaries	3.85%	3.85%
Future pensions increases	2.6%	2.6%
Discount rate for scheme liabilities	3.4%	1.7%
Inflation assumption (CPI)	2.6%	2.6%
Commutation of pensions to lump sums	50.00%	50.00%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2022 Years	At 31 July 2021 Years
Members aged 65		
Males	21.60	21.80
Females	23.90	24.10
Members aged 45		
Males	22.60	22.80
Females	25.40	25.60

The College's share of the assets in the plan at the balance sheet date and the expected rates of return were:

	Fair Value	
	31 July 2022 £'000	31 July 2021 £'000
Equity instruments	33,450	37,650
Debt instruments	12,040	12,838
Property	3,620	3,344
Cash	300	108
Other	150	-
Total fair value of plan assets	49,560	53,940
Actual return on plan assets	(5,360)	10,860

NOTES TO THE FINANCIAL STATEMENTS (continued)

Defined benefit obligations (continued)

The amount included in the Balance Sheet in respect of the defined benefit pension plan is as follows:

	2022 £'000	2021 £'000
Fair value of plan assets	49,560	53,940
Present value of plan liabilities	(57,700)	(76,220)
Net pensions liability (Note 21)	(8,140)	(22,280)

Amounts recognised in the Statement of Comprehensive Income & Expenditure in respect of the plan are as follows:

	2022 £'000	2021 £'000
Amounts included in staff costs		
Current service cost	4,950	4,270
Total	4,950	4,270

	2022 £'000	2021 £'000
Amounts included in interest and other finance costs		
Net interest	(360)	(410)
Enhanced pension provision	(20)	(18)
Total	(380)	(428)

	2022 £'000	2021 £'000
Amount recognised in other comprehensive income		
Return on pension plan assets	930	600
Experience losses arising on defined benefit obligations	(7,220)	9,660
Changes in assumptions underlying the present value of plan liabilities	24,320	1,070
Enhanced pensions provision	286	20
Amount recognised in other comprehensive income	18,316	11,350

	2022 £'000	2021 £'000
Movement in net defined benefit liability during year		
Net defined benefit liability in scheme at start of the year	(22,280)	(30,150)
Movement in year:		
Current service cost	(4,950)	(4,270)
Employer contributions	1,420	1,220
Net interest on the defined liability	(360)	(410)
Actuarial gain/(loss)	18,030	11,330
Net defined benefit liability at end of the year	(8,140)	(22,280)

NOTES TO THE FINANCIAL STATEMENTS (continued)

Defined benefit obligations (continued)

Asset and Liability Reconciliation	2022 £'000	2021 £'000
Changes in present value of defined benefit obligations		
Defined benefit obligations at start of the year	76,220	72,690
Current service cost	4,950	4,270
Interest cost	1,290	1,010
Contributions by Scheme participants	550	480
Changes in financial assumptions	(24,320)	(1,070)
Estimated benefits paid	(990)	(1,160)
Defined benefit obligations at end of the year	57,700	76,220
Changes in fair value of plan assets		
Fair value of plan assets at start of the year	53,940	42,540
Remeasurement gain on plan assets	(6,290)	10,260
Interest on plan assets	930	600
Employer contributions	1,420	1,220
Contributions by Scheme participants	550	480
Estimated benefits paid	(990)	(1,160)
Fair value of plan assets at end of the year	49,560	53,940

28. Related party transactions

The total expenses paid to or on behalf of the Governors during the year was £706; 4 governors (2020/21: £1,171; 5 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2020/21: None).

Engage Business Wales - Wholly owned subsidiary

Purchase transactions in the year amounted to £71k (2020/21: £82k). The balance outstanding at year end totalled £45k (2020/21: £62k)

Sales transactions in the year amounted to £167k (2020/21: £131k). The balance outstanding at year end totalled £565k (2020/21: £426k)

NOTES TO THE FINANCIAL STATEMENTS (continued)

29. Amounts disbursed as agent	2022 £'000	2021 £'000
Learner support funds		
Balance unspent as at 1st August	360	64
Funding body grants - bursary support	326	336
	686	400
Disbursed to students	(434)	(40)
	252	360
Balance unspent as at 31 July, included in creditors (Note 18, 19)	252	360

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income & Expenditure.