



NPTC GROUP OF COLLEGES

Annual Report

for the year ended 31 July 2023

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the Group Leadership Team and were represented by the following in 2022/23:

Mark Dacey CEO; Accounting Officer

Catherine Lewis, Deputy CEO & Deputy Principal

Kathryn Holley, Vice Principal: Financial Services

Eleanor Glew, Vice Principal: Operational Services

Kelly Fountain, Vice Principal: Academic Services

Gemma Charnock, Vice Principal: External Relations and College Secretary

Board of Governors

A full list of Governors is given on page 19 of these financial statements.

Professional advisers

Independent financial statements auditors:

PricewaterhouseCoopers LLP

One Kingsway

Cardiff

CF10 3PW

Internal auditors:

RSM Risk Assurance Services LLP

Suite 205, Regus House

Malthouse Avenue

Cardiff Gate Business Park

Cardiff

CF23 8RU

Bankers:

Lloyds Banking Group

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Report of the Governing Body

NATURE, OBJECTIVES AND STRATEGIES:

The governing body present their annual report together with the audited consolidated financial statements and auditors' report for NPTC Group of Colleges for the year ended 31 July 2023.

Legal status

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

Mission

The Group's mission statement is as follows:

"Inspiring learning, enriching lives, delivering success"

Strapline:

"More than just an Education"

For the Group, the strapline conveys what students get as a whole package at the College. Students will get outstanding education and training, but they will also have access to all of the extra curricula activities, the sports, the clubs, the music and dance and much more.

Public Benefit

The College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Welsh Government as Principal Regulator for all FE Corporations in Wales. The members of the Governing Body, who are trustees of the charity, are disclosed on page 19.

In setting and reviewing the Group'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 Group 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.

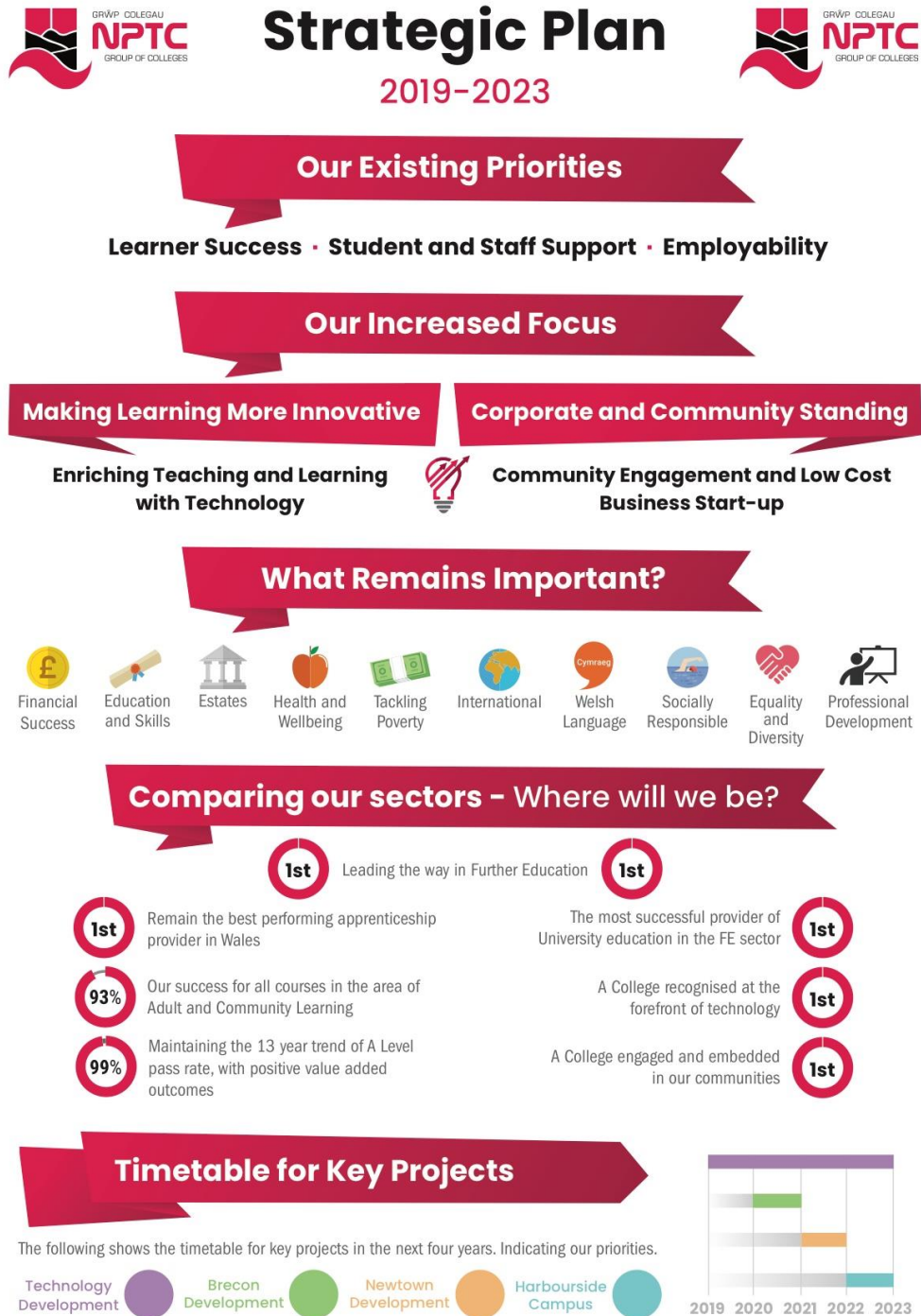
The delivery of public benefit is covered throughout this Report of the Governing Body.

Implementation of Strategic Plan

In September 2019, the Group formally adopted a strategic plan for the period 1 August 2019 to 31 July 2023.

The 2019-2023 strategic plan includes property and financial plans. The Corporation monitors the performance of the Group against these plans.

The Group Strategic Aims for the period 2019-23 are shown below:



Progress is being made against these objectives, although the Covid-19 pandemic has impacted on the timescales, with the technology related objectives in particular being progressed more quickly than initially planned.

Finance Strategic Aims

The Group's financial strategic aims are:

- Ensuring long term financial viability with sustainable surpluses that are adequate for the Group needs
- Effective and fully coordinated financial planning.
- Effective financial management and control whilst delivering core services effectively.
- Ensuring that value for money is achieved in all activity.
- Targeting capital investment that supports all of the Group's strategies.
- Effective internal control and risk management.

A series of performance indicators, shown below, were agreed to monitor the successful implementation of the aims:

PERFORMANCE INDICATORS

	2022/23	Target	Prior Year Comparison	2020/21 Nat. Comparator ¹
OUTCOMES				
<u>SUCCESS</u>				
COMPLETION RATE*	88%	93%	87%	94%
ATTAINMENT RATE*	92%	92%	86%	82%
SUCCESSFUL COMPLETION RATE*	81%	86%	75%	77%
A-LEVEL PASS RATE	98.1%	100%	98.4%	100%
STUDENT ATTENDANCE	89%	90%	88.9%	
<u>VOLUMES</u>				
FT FE ENROLMENTS (LAPS)	3,018	3,899	3,339	
HE ENROLMENT (PT & FT)	535	625	509	
FINANCE				
WG INCOME/TOTAL INCOME	81.84%	<70%	82.53%	85.62%
STAFF COSTS/TOTAL INCOME ²	57.90%	<70%	56.36%	61.76%
DEFICIT/TOTAL INCOME	-5.72%		-3.98%	-0.26%
EBITDA/TOTAL INCOME ⁴	0.54%	>5%	1.38%	7.24%
CURRENT RATIO	0.70	>1.2	1.04	1.73
GEARING ³	5.7%		9.62%	17.43%
CASH BALANCE	£3.9m		£10.6m	£12.5M
CASH DAYS ⁴	18	> 45 days	51	89 days
CAPITAL INVESTMENT/INCOME	5.98%	5%	10.14%	7.81%
PEOPLE				
COMPLAINTS RECEIVED	66		80	
STAFF HEADCOUNT	1,038		1,019	
SICKNESS ABSENCE STATISTICS	4.87%		4.41%	

¹ National comparators for outcomes are for 2020/21, as comparators have not been issued since.

² Includes Skills Academy Wales (SAW) income

³ Excludes pension reserve

⁴ Expenditure excludes interest, depreciation, amortisation & non-cash pension costs

OUTCOMES

Welsh Government has produced national average data for individual provider programmes, for the academic year of 2021-22. There is no verified data provided showing overall Institutional completion, attainment and success rates. The previous LLWR reported overall rates of success for the College, Subject Sector Areas (SSA), and Learner Outcome reports enabling Colleges to develop KPIs for a whole institution. The data shown above is therefore based on internal benchmarking, the figures of which originate from qualification and awarding body information rather than verified Welsh Government data.

The overall A level pass rates for 22-23 stand at 98.1%, exceeding the all Wales result of 97.5% and UK Wide result of 97.3%. No centre determined grades were used to determine the final grades awarded during 22-23. Advanced information was issued to all institutions from awarding organisations in some subjects, acknowledging the continued impact of COVID on student achievement. 2023 is the second year that 'in-person' exams took place for AS, A Level and vocational programmes. 2023 is regarded as a transition year to reflect the continued recovery period from COVID.

Student attendance for main qualifications at the end of the academic year stood at 89% which is on par with the previous year. There has been an enhanced focus on improving attendance and retention levels across all academic schools. All academic schools have been set the aim of achieving a min of 90% attendance for all courses within their school by the Corporation board in Nov 2022.

Full Time FE recruitment at NPTC Group fell in 2022/23, this was due to the continued impact of the pandemic. Centre determined grades meant that students remained in 6th Form provision or alternatively sought apprenticeships or employment. Due to 'lockdowns' our face-to-face recruitment events and school engagement opportunities were limited.

For 2022/23 in Wales there was decrease in the number of HE students enrolling in Welsh FEIs of approximately 10% contributing to a reduction in HE student enrolments of 25% over the last three years. A targeted internal HE awareness raising campaign was developed, supported by additional bursaries for progression from level 3 to HE at NPTC, and a series of progression presentations and marketing activities were undertaken. This led to an increase in HE enrolments in 2022/23 of 5.1% compared to 2021/22

PEOPLE

The number of complaints overall for 22/23 is 66 which shows a decrease of 18% on last year (80). Of those complaints a total of 7 progressed to Stage 2, compared to 8 in the previous year. The data suggests that the majority of complaints continue to be dealt with by the Group successfully at Stage 1, removing the need for complainants to escalate their complaint to Stage 2. The complaints are analysed to identify any trends or systemic issues and are reported at every Standards and Performance Group Meeting for monitoring purposes. An annual complaints report is also made to the College Governors for their review.

NPTC Group of Colleges has seen an increase in the overall headcount by 19 to 1,038.

Staff sickness absence has increased from 4.41% to 4.87% over the last 12 months. Short-term absence decreased from 1.47% in 2021/22 to 1.13% in 2022/23. Long-term absence for 2022/23 was 3.74% an increase from 2.94% in 2021/22.

FINANCIAL POSITION

Financial results

The Group is reporting a deficit before tax in the year of £4,053,000 (2021/22 deficit £2,772,000).

	2023 £'000	2022 £'000
Deficit for the year ended 31 July	(4,053)	(2,772)
Add back:		
Interest	309	742
Depreciation & Amortisation	3,234	3,001
Non Cash Pension Costs	890	3,670
Adjusted EBITDA for the year ended 31 July	<u>380</u>	<u>4,641</u>

The Group has net assets, including the pension surplus, of £43,580,000 (2021/22: £28,285,000 net assets) and cash and cash equivalent balances of £3,876,000 (2021/22: £10,636,000). The Group wishes to accumulate reserves and cash balances in order to create funds for future investment.

The Group has significant reliance on the Welsh Government as its principal funding source, largely from recurrent grants. In 2022/23 the FE funding bodies provided 81.84% of the Group's total income, an decrease from 82.5% in the prior year. There has also been a continued reduced level of commercial income across the Group.

The local government pension scheme cost adjustments mentioned above have come from the actuary's calculations based on the March 2022 triennial pension valuation, rolled forward to 31 July 2023. The College's share of the overall scheme surplus is £13,370,000. This is consistent with other Colleges as the economic recovery from the largest shocks of the Covid-19 pandemic have led to improved valuations by scheme actuaries. While most of the adjustment is made straight to reserves, £1.02 million (2021/22 - £4.22 million) of the "non-cash" movement" has the effect of increasing reported staff costs and interest and reducing EBITDA.

The Group has four trading subsidiary companies, Language Specialists (International) Limited, Llandarcy Park Limited, Gwendraeth Valley Community Enterprises Limited and Green Inc (EU) Limited. The principal activities are respectively, English language training, a sports centre plus swimming pool and work based learning for the remaining two. Any eligible surpluses generated by the subsidiaries are donated to the College under gift aid rules. In the current year, the subsidiaries contribution to the Group result, before amortisation of goodwill, was £1,018,000 deficit before tax (2021/22: £44,000 surplus before tax).

LSI Portsmouth is an International Language School and the borders have been closed during COVID. We have also seen a number of negative issues surrounding Brexit and the friendliness of the UK as a country to visit. We are seeing an improvement in this presently. Over the period of COVID and later we have invested £1.3m in LSI Portsmouth to assist them in the losses they have made over the past year or so. This investment has been given and secured as a charge on the LSI Building. We have recently been offered and accepted £3.5m for this building so there is no risk attached to this charge for the college. LSI income reduced from a high spot of £5.5m prior to Covid to £653,023 during 2021, then rising to £1,872,207 in 2022, and in 2023 to £2,574,691. Income is predicted to be above £3m in 23/24 with a positive return.

After the year end, a share purchase agreement was completed on the 28th March 2024 with Green Inc (EU) Limited being sold for £1, reducing our liability by £270,000.

Treasury policies and objectives

Treasury management is the management of the Group'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.

Cash flows and liquidity

At £(3.4) million (2022 £6.3 million), net cash flow from operating activities decreased significantly on the previous year's value, mainly due to the increase in trading deficit before tax and the movement in working capital and lower cash surplus generated.

At 31 July 2023, one of the bank covenants was breached, and so the related loan outstanding has all been shown as falling due in less than one year. Further information can be found in the going concern note on page 14.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Celebrating Success

In 2022/23 the College has delivered activity that produced £31,440,000 in funding body main allocation funding for further education (2021/22 - £28,305,000).

Ten students from NPTC Group of Colleges have been announced among the 442 finalists for the WorldSkills UK National Finals which will be held in November 2023 at colleges, independent training providers and universities across Greater Manchester. The finalists will compete in 51 skills, ranging from digital construction, health and social care and additive manufacturing to metal fabrication and cyber security.

Newtown College student Lily Owen for won the Montgomeryshire Society Prize for Further Education 2023. The Montgomeryshire Society is a charitable organisation based in London whose members have a continued interest in the Montgomeryshire County of Wales. The organisation has long supported and encouraged students at the College by providing an opportunity to be selected for their Further Education prize.

NPTC Group of Colleges and Keep Wales Tidy joined forces and are working together to help protect the environment for generations to come. The working partnership is now official following a launch and together both organisations are now hoping to build on the work already undertaken and attract volunteers to help the cause. The College and Keep Wales Tidy have been working together on initiatives that offer volunteering opportunities and encourage community participation.

NPTC Group of Colleges is one of four FE colleges along with the University of Wales that launched a new network of Colleges designated University of Wales Technical Institutes, under the powers of the University to tackle a higher skills deficit in in Wales' labour market. The launch follows a detailed analysis of recent labour market intelligence reveals that is 40 per cent less active than the UK average with median advertised salaries in Wales 13 per cent below the UK average.

NPTC Group of Colleges Law Award for Outstanding Achievement, sponsored by Jennifer Melly Law went to the best-performing law students Alys Cooke and Alex Thomas. Both were presented with their certificates and trophies during the awards ceremony and celebration at the offices of Jennifer Melly Law, based in Neath.

NPTC Group of Colleges is collaborating with Grwp Llandrillo Menai to deliver a brand-new Electric Vehicle Training Programme to Geethanjali College of Engineering and Technology in India. This project has been supported by Global Wales and has opened up the opportunity for two Electric Vehicle experts, one from NPTC Group and one from Grwp Llandrillo Menai, to visit India to deliver this EV Training Programme.

NPTC Group of Colleges has been ranked as the best place to study in Wales. The College is number one for student satisfaction as it tops the table that includes universities and colleges from across the UK. Students were asked to rate for student satisfaction in relation to their higher education or degree course as part of the National Student Satisfaction Survey (NSS).

Students at NPTC Group of Colleges are celebrating after achieving top results in their A Levels and vocational qualifications. The class of 2023 have achieved an overall pass rate of almost 99 per cent. A* – B grades are on a par with last year, with more than half of students achieving those grades. Almost a third of students achieved the top A* - A grades, and over three quarters achieved A* – C grades. For the students who followed the Gifted and Talented

(GATE) programme, it is also good news, with 84 per cent achieving A* – A grades and 100 per cent A* – B grades. Students sitting their Level 3 vocational qualifications also excelled with 70 students achieving distinction grades, and 24 students achieving the highest possible grade profile of triple distinction star which is equivalent to three A*s at A Level. In addition, no fewer than 376 learners successfully achieved the Advanced Skills Challenge Certificate with an outstanding pass rate of 100 per cent with 58 per cent achieving between an A* and C grade.

A group of students at Llandarcy Academy of Sport took part in an endurance challenge to raise much-needed funds for a local mental health charity. The BTEC Level 2 Sports Coaching students were tasked with organising an event as part of their coursework and decided to use their sporting talent to good effect, flipping the Sea to Summit challenge on its head and organising a Summit to Sea challenge to raise funds for Hwb@TheYnys, a mental health charity based in Port Talbot.

Seventeen students from Neath College took part in a remarkable restoration project, breathing new life into an old smithy at Craig Gwladus Country Park. The work took place over a 10-day onsite placement and provided a rare opportunity to engage with traditional materials, while working on a project of significant historical and archaeological importance, under the guidance of experts in their fields.

Former Applied beauty student Lucy Lewis from Newtown College has been recognised for her incredible talents by being shortlisted for the prestigious VTCT Excellence Awards 2023. Celebrating VTCT's 60th anniversary, the awards aim to recognise our students and partners going above and beyond to demonstrate excellence in vocational education.

Newtown College Agriculture, Horticulture and Catering departments had an exciting day at the National Sheep Association NSA, Welsh Sheep Event in Powys. Winning the Outdoor Trade Stand, the College also had two agricultural students come joint sixth place in the Next Generation Shepherd competition. Five of the College's agriculture students took part in the Next Generation Shepherd competition which tests skills in a variety of areas including All-terrain- vehicle (ATV) handling, sheep shearing, flock management and sheep care handling and techniques.

NPTC Group of Colleges are honoured to be awarded the prestigious 2023 Award of Excellence Silver for our International Teacher Professional Development programmes at the World Federation of Colleges and Polytechnics (WFCP) in Montréal. This recognition acknowledges NPTC Group of Colleges accomplishments and also showcases the outstanding commitment in providing quality education and enhancing the overall learning experience and skill standards globally.

The long-awaited annual Sports awards at NPTC Group of Colleges took place following a two-year break due to the pandemic. Dozens of students attended the event held and were presented with awards which included recognition for international and county honours, College representation, accolades for most improved players; sportsman/woman of the year and certificates of achievement for some of the elite sports students too.

Y Gaer, Brecon's landmark museum and library, opened its doors to prospective care workers of the future, with college classes moving into the space. Health, Social and Childcare lessons have been relocating from Brecon Beacons College, Penlan, to Y Gaer as a way of making education more visible and accessible to the community.

Newtown College lecturer Andy Davies recently upped his game entering the longest race of his career to date and achieved an incredible third place, securing his spot to participate in the world's most difficult race the Ultra Trail du Mont Blanc (UTMB) to be held later this year. Andy is a Sports lecturer at Newtown College and has achieved success in numerous races finishing as British Record Holder in the 2022 Seville Marathon. The Istria 100 held in Croatia is described as the "most mythical trail race in the world". Andrew finished the race behind winner, Stian Angermund, and second placed Andrzej Witek in the 69km (43 mile) race that included an elevation of almost 2,500m.

A new outdoor learning space is to be co-habited by Ysgol y Bannau and Brecon Beacons College in Penlan, Brecon. Due to a partnership between the two public services, 'Ysgol Coedwig' (Forestry School) will be a learning space for students aged four and above. It is believed that increasing outdoor learning for all students will be beneficial for their wellbeing, creativity, and knowledge of the climate and nature crisis.

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Mike Gershon who is an internationally renowned educationalist with over 40 books to his name on teaching, learning and education, including numerous bestsellers visited the College. He has written over 90 guides covering different aspects of classroom practice and his work has been translated into Dutch, Hebrew, Arabic and Chinese, and is currently working with Welsh Government on teacher training materials for all schools in Wales.

Students from Neath College had an amazing masterclass with singer/songwriter Bronwen Lewis. Students were able to talk to Bronwen about her career to date, ask questions about the songwriting process and even had the opportunity to write and perform their very own 'Health and Wellbeing Anthem'.

NPTC Group of Colleges, Wales-UK and the British Deputy High Commission, Kolkata and West Bengal State Council of Technical & Vocational Education and Skill Development, have been working in partnership and organised the first ever workshop on building electric vehicles charging infrastructure in India. The British Foreign and Commonwealth and Development Office supported the programme.

Oisin Morris, an Art and Design Student at Newtown College, recently took on the challenge to create artworks which would meet the requirements of a sci-fi installation for a private event. Students studying the Level 3 Art and Design course were asked to produce a piece of work for a live brief.

Newtown College Catering Student Jazmin Williams is proving herself a skilled baker with a flair for cake decorating. Jazmin, from Berriew, came second at the RWAS all Wales YFC competition held at the Winter Fair in BUILT in the 'Decorating a chocolate Yule log' category.

A first-class reputation for delivering first-class training in plastering skills has been sealed as NPTC Group of Colleges was named College/Training Provider of the Year at the Training Awards 2022. The awards, which took place in London, recognise achievement and excellence in plastering and interior systems and are a collaboration between the Finishes and Interiors Sector (FIS) and The Worshipful Company of Plasterers. As well as being awarded the accolade of College/Training Provider of the Year, apprentice Jonathan Donaldson came top of the class and was named Apprentice of the Year (plastering). Jonathan, progressed through College from Level one to Level three, expanding his skills and techniques. He also qualified for the UK SkillBuild finals and is carrying on along his path to success.

Former Neath College student Nathan Davies is flourishing as a filmmaker and photographer as he travels all over the world. The former A Level Film Studies, Photography, Psychology and English student returned to college to speak to some of the Creative, Visual and Performing Arts students about his work. Nathan works as a freelance filmmaker and photographer and works with some of the world's biggest athletes in sports like UFC.

NPTC Group of Colleges has proudly become the only College in Wales to currently hold White Ribbon Accreditation. White Ribbon is a global campaign and the UK's leading charity engaging men and boys to end violence against women and girls.

More than 300 graduates from NPTC Group of Colleges donned their caps and gowns at a special ceremony where they were joined by honorary fellows James Hook and Dr Gaynor Richards MBE DL. It was the first formal graduation ceremony held in three years, where the cohorts of students from 2020-2022 finally got their moment in the spotlight in front of lecturers, family, friends and dignitaries before becoming new members of the College's Alumni. The ceremony, which was held at Swansea Arena, reflected the partnerships the College has with University of South Wales, University of Wales Trinity St David and Glyndŵr University which allows it to offer university level programmes including higher national certificates, higher national diplomas, foundation degrees, degrees and internationally accepted qualifications.

Newtown College Apprentice Theo Buttery won the Worshipful Livery Company of Wales Apprenticeship Award 2022. Theo was presented with the award by Stuart Castledine, Master 2022/3 Worshipful Livery Company of Wales at a ceremony at Newtown College. Keith Shankland Liveryman from the Worshipful Livery Company of Wales also attended along with Theo's employer O.R.E. Brickwork and his family and friends.

Talented students from Neath College's Music Academy hit all the right notes and were awarded Grade 8 Musical Theatre with either a Merit or Distinction following auditions with the British Youth Music Theatre (BYMT). The qualification is a recognised Trinity Laban qualification, (Trinity Laban Conservatoire of Music and Dance) but the hard work doesn't stop there. They have all been involved in various projects and continue to perform to the delight of audiences whilst continuing to learn from some of the best in the industry.

NPTC Group of Colleges welcomed Welsh gaming stars John Jackson AKA Slayer and Lois Samuel AKA Kitsch to formally open the brand new Esports suite at Neath College. College staff and students were joined by the Mayor of Neath Port Talbot, Cllr. Robert Wood and the Mayoress Mrs Sylvia John, as well as Esports Wales CEO John Jackson and Esports Wales Female Ambassador Lois Samuel.

Lilliput Day Nursery picked up two awards in the Neath Port Talbot Early Years Childcare Awards. The nursery won the Welsh Government, Childcare Offer Setting Champion, and the Covid Keyworkers awards. The awards ceremony took place in the Princess Royal Theatre, Port Talbot and the nursery was also nominated for the Super Team and Manager awards. The team at Lilliput Day Nursery were honoured to be part of the first Neath Port Talbot Early Years Childcare Ceremony and hope the event becomes an annual one. The awards are recognition for the nursery and the staff's hard work and dedication through challenging and difficult times over the last couple of years.

NPTC Group of Colleges has been commended after achieving the highest judgment available for its university-level courses following a review by the Quality Assurance Agency for Higher Education (QAA). The panel concluded that the College has 'robust arrangements in place for securing academic standards, managing academic quality, and for enhancing the student experience'. The College was commended for its achievements in several areas, including student support and the use of digital technology.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 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. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2022 to 31 July 2023, the College paid 80 per cent (2021/22 80 per cent) of its suppliers within 30 days. The College incurred no interest charges in respect of late payment for this period.

Future prospects

The progress of a number of capital projects being undertaken by the NPTC Group of Colleges are at various stages in their development. These are explained in further detail below:

- The planned new campus in Port Talbot is being developed as part of the Harbourside development and the town regeneration scheme. We have already seen the £110m peripheral distributor road feeding into the site, directly from the M4, and the impressive new £10m Parkway station and transport hub. The scheme has been approved by Welsh Government as part band "B" and is being funded as part of the Mutual Investment Model (MIM). The MIM scheme has an initial intervention rate of 81%/19%, however with Welsh Government agreeing to pay for the upgrade to Carbon Zero and an agreement on the treatment of VAT, the intervention rate is closer to 85%/15%. The internal business case and the New Project Request (NPR) was approved by the Corporation Board in April 2022 and submitted to WEPCo with an estimated build cost of £65m. This has already risen to £73m as the costs of material and labour have increased. The NPR was accepted by WEPCo in June 2022. The current long-term programme estimates that completion will be in mid of 2026, however delays in relation to work required outside the red line of the site is delaying the progress of this project. The Local Authority want the College to pay for the works outside the red line of the site. We would not agree to this proposal.

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- In order to improve the match of the curriculum offer at the College in Brecon to the needs of the employment market, and to make the curriculum more accessible to students, plans were submitted to Welsh Government to obtain funding to move from the current single site to a multi-site facility largely located in the town centre, offering state of the art training facilities and encouraging greater engagement with the local community. The 'College Within The Community Hub' (CWTCH) is the old Tourist Information Centre in the main carpark at the centre of Brecon. We upgraded this building and it opened in January 2020 and has been used for our University programmes ever since. The College also acquired Watton Mount, a grade II listed building and coach house and the Ship Street Library in the town centre. Capital works on these buildings has commenced to transform them into high quality College accommodation.
- We are considering all of our approaches with the financial constraints we are facing from the proposed reduction in funding from Welsh Government in 23/24 and 24/25. We have taken £2m from our salary budget for 23/24 & 24/25 by implementing a staff freeze since January 2023. However, just to be clear that this does not include front line staff. For example, if we need a French Teacher, that is what we need. It is impossible not to put a qualified teacher in front of the class. We have seen the headcount increase by 19 but these are fixed term posts linked directly to grant income. There are actually substantially more than 19 fixed term posts which end in July 2024.
- We are considering the viability of LSI Portsmouth. We are at this present time weighing up the possible options available to us and what best represents the future risk to the NPTC Group of Colleges.
- We have accepted an offer on the LSI Building in Portsmouth for a straight sale of £3.5m and 12 months rent free of suitable premises within the building.
- We are also considering three options for LSI Portsmouth. These are all proceeded with selling the building, and these are to:
 - Close the business
 - Sell the business
 - Sell part of the business and gain an investor with education experience, added value and an office closer to Portsmouth

We have recently sent all of the due diligence information to a Saudi Arabian agent who currently supplies many students to Portsmouth University. He has recently bought a building in readiness for starting a Language school. We will respond to any additional questions that are raised.

We have been working very closely with an awarding body on a number of projects overseas. They are on a programme of acquisition in growing their company and have already acquired three companies similar to their own. However, this company also offers ESOL type courses and certification which fits really well with LSI Portsmouth. Our conversation have led to them expressing an interest in acquiring a minority share in the business. This will allow us to gain sufficient funds to have a cash cushion in the business while having sufficient funds to bring the business up to speed by investing in modern technology. Even though LSI have offered on line programmes the platform and programmes are not sufficiently developed. This would open up major markets to LSI and see their recovery go from a turnover as low as £653 in 2012 to well over £3.5m next year.

- The College also has an offer of £0.5m for an unused plot of land in Brecon. At present this is going through planning permission with Brecon Beacons National Parks, the planning Authority. This is a coach company and we have tied the training of apprentices under CSR to the sale of the land. We do not believe that this will be complete during this academic year but helps to show how we are gaining an income from our estates.
- Finally, when we move all of our education from the Brecon Campus into the new and exciting projects in the town centre, we will be able to dispose of the land. The Local Authority have recently demolished the old school which has a shared road to our college and is on the same site, which means that jointly we will maximise the capital receipts. Again, this will be in the future.

The Corporation Board has continued to endorse the broad Group strategy of controlled expansion during a time of economic turmoil. This strategy is to ensure that a stronger and more financially independent organisation is developed, rather than one that retreats into a much-reduced offer of core activity. This strategy requires a commercialisation of the College across a number of areas that are consistent with our core values and aims. The Group is continually seeking new opportunities locally, nationally and internationally in order to achieve this. Nevertheless, the College continues to aim to improve efficiency across all areas of the College site, with various schemes to address energy conservation and cost reduction; understanding the importance of maximising the benefits obtained from the reducing resources available from Welsh Government for further education in the current economic climate and with a view to a Net Zero future.

Going Concern

At 31 July 2023, the Group and College had cash and cash equivalents of £3.9m, a significant reduction compared with £10.6m at 31 July 2022. The results for the year ended 31 July 2023 have resulted in the Group breaching the terms of a covenant on its bank loan with Santander. While a waiver was obtained from Santander subsequent to the year end, the Group's bank loan with Santander, which totalled £1.0m at 31 July 23 (currently £0.9m as at the date of approval of the financial statements) is therefore due on demand and has been disclosed as a current liability.

The Group and College have prepared cash flow forecasts that take into account anticipated levels of Funding body grants during the 2024/2025 academic year together with the impact of measures being introduced across the Group to lower both operating expenditure and staff costs. To date, the Welsh Government has agreed to a two-year funding settlement for 2023/24 and 2024/25, which allows £2m of Work Based Learning funding to be 'carried over' into next year. Savings have already been made to non-pay operating costs together with a reduction on annual staff costs.

The latest forecasts indicate that the Group and College will need some additional funding within 12 months from the date of approval of the financial statements, the timing and magnitude of which will be influenced by the decisions the Group takes regarding the Language Specialists (International) Limited subsidiary. A number of options are currently being considered regarding the future of its Language Specialists (International) Limited subsidiary and an offer has recently been accepted for the disposal of its freehold property based in the centre of Portsmouth of £3.5m.

A tender exercise is to shortly commence with a number of banks to obtain a £5m loan facility secured on the Group's remaining property estate. The Group is in dialogue with lenders in relation to this need. Given the level of outstanding bank loans (£1.8m at 31 July 2023, currently £1.5m) in comparison to the carrying value of land and buildings (£44.4m for the Group, £39.0m for the College) which can be used as collateral to secure a loan against, the Corporation are confident that this additional level of funding will be achieved.

If attempts to raise finance prove unsuccessful, the Group and College will need to obtain alternative sources of finance or financial support, which are not committed at the date of signing of the financial statements, in order to be able to continue to meet their financial obligations as a going concern. As a result, the Corporation considers that there is a material uncertainty that may cast significant doubt over the Group and College's ability to continue as a going concern. The financial statements do not include any adjustments that would be required if the Group and College were unable to continue as a going concern.

RESOURCES:

The Group has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the nine College campuses across four counties in Wales, including two theatres, a working farm, an extensive sports centre, a swimming pool, a ten-storey building in central Portsmouth and approximately fifty acres of land in various locations available for development.

Financial

The Group has £44 million of net assets after including £13 million pension surplus (2022: £28 million of net assets after including £5 million pension liability) and bank debt of £1.8 million (2022: £2.2 million).

People

The Group employs 1,038 people (2021/22: 1,019), of whom 542 (2021/22: 528) are teaching staff.

Reputation

The Group and its subsidiary companies have a good reputation locally, nationally and internationally. Maintaining a quality brand is essential for the Group's success at attracting students and external relationships. The College prides itself on operating with its core purpose at the heart of everything that it does that is to keep its doors open to all of members of its community to access high quality learning and skills development.

PRINCIPAL RISKS AND UNCERTAINTIES:

The Group continued to work during the year to embed the system of internal control, including financial, operational and risk management, which is designed to protect the Group's assets and reputation.

Based on the strategic plan, the Finance & Risk Management Group undertakes a comprehensive review of the risks to which the Group is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Group. The internal controls are then implemented, and the ongoing appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Finance & Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the Group.

A risk register is maintained at a department level and at the Group level which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Group and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the Group.

Outlined below is a description of the principal strategic risk factors that may affect the Group. Not all the factors are within the Group's control. Other factors besides those listed below may also adversely affect the Group.

- Future funding settlements are reduced due to the economic climate.
- Failure to achieve FE funding targets resulting in claw back of funding and financial loss.
- Inadequate capital investment available to support strategic and operational objectives.
- Failure to recruit suitable, qualified and experienced staff leading to ongoing vacancies and poor service delivery.
- International activity does not generate expected income for the UK Group due to cultural issues, political changes or significant changes in exchange rates.

The Group management take a prudent view of the strategic risk register and score and report on a 'worst case scenario' to ensure false comfort is not taken. All of the risks identified continue to be actively managed and monitored by the Audit Committee.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, NPTC Group of Colleges has many stakeholders. These include:

- students;
- Welsh Government;
- staff;
- local employers;
- Local Authorities;
- the local community;
- members of our gym at Llandarcy Park;
- other FE institutions;

- HE institutions;
- Regional Learning and Skills Partnerships
- trade unions;
- the local voluntary sector;
- local schools
- locally elected political representatives (MP's, AM's, MEP's);
- UK Border Agency;
- British Council;
- sector skills councils;
- Channel Panels;
- the Arts Council, Wales; and
- professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

Equality & Diversity

The Group is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage, and we will actively combat bigotry. This policy is resourced, implemented, and monitored on a planned basis. The College's Equality & Diversity Policy is published on the College's Intranet site.

The Group aims to ensure that all students, staff and other Group users are treated with equity regardless of having, or being perceived as having, any of the protected characteristics namely age, disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.

The Group published its second Strategic Equality Plan in 2020, covering the period 2020 to 2024 in line with the requirements of The Equality Act 2010. The Strategic Equality Plan was developed following a series of consultation activities with learners, members of staff and key external stakeholders. The Strategic Equality Plan outlines a series of equality objectives which are focused on the protected characteristics as identified as part of The Equality Act 2010. The Group continues to work towards achieving those objectives within the specified timeframe.

	Year ending 31 July 2023
Mean gender pay gap	3.8%
Median gender pay gap	7.4%
Mean bonus gender pay gap	-71.9%
Median gender bonus gap	-25.1%
Proportion of males/females receiving a bonus	0.9%/0.8%

The proportion of males and females in each quartile of the pay distribution are:

	Males	Females
1 - Lower quartile	29.5%	70.5%
2	39.1%	61.0%
3	38.6%	61.4%
4 – Upper quartile	44.8%	55.2%

The college publishes its annual gender pay gap report on its website.

Disclosure of information to auditors

NPTC Group of Colleges

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 Group'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 Group's auditors are aware of that information.

Approved by order of the members of the Corporation on 24 April 2024 and signed on its behalf by:

Rhobert Lewis



Chair of the Corporation

Date 24.04.2024

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the Group to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

The Group 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); and
- ii. having due regard to Code of Good Governance for Colleges in Wales.

The Group is committed to exhibiting best practice in all aspects of corporate governance and in particular the Group has adopted and is working towards ensuring full compliance with the Code. In the opinion of the Governors, the Group complies with the majority of the provisions of the Code, and it has complied with those provisions throughout the year ended 31 July 2023 and up to the date the accounts were signed. The Governing Body 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.

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

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 OF MEMBER		CATEGORY AND COMMITTEES	DATE		COMMENTS
SURNAME	FORENAME		APPOINTED	EXPIRY	
Lewis	Rhobert	Chairs and R&GP	03.05.18	03.05.24	1 st Term: Approved as Chair on 17 November 2021
Chair					
Hehir	James	Chairs and Audit	29.03.06	04.04.23	4 th Term: Approved as Audit Chair on 2 December 2021
<i>Vice-Chair; Chair, Audit</i>					
Cragg	Graham	Chairs and R&GP	10.12.98	11.07.24	5 th Term
<i>Co-Chair, R&GP</i>					
Ifans	Mandy	Chairs and R&GP	08.06.11	07.06.24	3 rd Term
<i>Co-Chair, R&GP</i>					
Williams	James	Co-opted Audit	21.07.21	21.10.24	1 st Term: Approved as Vice-Chair of Audit 28 April 2022.
<i>Vice-Chair, Audit</i>					
Burgoyne	Tony	Staff R&GP	24.10.13	31.12.22	2 nd Term
Dacey	Mark	Principal Chairs and R&GP	01.05.04	<i>Ex officio</i>	
Lewis	Catherine	Acting CEO		<i>Ex officio</i>	
Harding	Jill	R&GP	22.10.08	04.04.24	4 th Term
Harvey	Matthew	Co-opted Audit	28.04.16	28.04.24	1 st Term
Jones	Susan Ann	Audit	30.06.22	30.06.26	1 st Term: Co-opted Advisor from 24 July 2021; Governor from 30 June 2022
Morgan	Helen	R&GP	08.06.11	13.11.24	3 rd Term
Stephens	Ceri	R&GP	04.04.19	04.04.24	1 st Term
Turner	Heather	Audit	29.01.20	29.01.24	1 st Term
Watts	Kayleigh	Student	16.12.2021	30.06.2023	2 nd Term; Resigned 30 June 2023
Pearce	Emily	Student	16.12.2021	30.06.2023	2 nd Term; Resigned 30 June 2023

Clerk: Mrs G Charnock (Vice Principal: External Relations and Group Company Secretary)

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 Group 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 once each term.

The Corporation conducts its business through four committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Audit, Remuneration, Resources and General Purposes, Chairs (Search and Governance). Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Assistant Principal: Governance at:

NPTC Group of Colleges,
Neath Campus
Dwr Y Felin Road
Neath
SA10 7RF

The Assistant Principal: Governance maintains a register of financial and personal interests of the members. The register is available for inspection at the above address and on the Group website.

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

Formal agendas, papers and reports are supplied to members 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 Chairman and Accounting Officer are separate.

The Corporation Board has adopted the new Code of Good Governance for Colleges in Wales, to ensure that the organisation is conducting its business in the best interest of its students and funders.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee, consisting of Chairs and CEO of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. 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. There is no limit on the number of terms of office a member can sit, however, each new term of office is subject to Corporation approval.

During the 2021-22 academic year, two members of the board retired, including a staff Governor, one Governor was appointed onto the board and two student Governors were appointed.

Corporation performance

The attendance target for the Corporation Board and the Committees for 2022-23 was 84%. The total Corporation attendance rate for 2022-23 was 86%. The total Corporation attendance rate for 2021-22 was 75%.

The breakdown of the 2022-23 attendance figures are as follows:

Chairs (Search & Governance) 86%; Resources & General Purposes 71%; Audit 100%; Remuneration 100% and Corporation Board 86%.

The target attendance was 75%.

12 Members who served for all of the 2022-2023 academic year achieved the target attendance of 75%, with 9 Members achieving over 80%. The Student Governors were not included in the 2022-23 attendance figure calculations.

Remuneration Committee

Throughout the year ending 31 July 2023 the Chairs' Committee was responsible for making recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the year ended 31 July 2023 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises five members of the Corporation (including the Chair). The Committee operates in accordance with written terms of reference approved by the Corporation. One Board Member retired from the Corporation and, therefore, left the Audit Committee; the new Board Member then took up the vacant space on the Audit Committee.

The Audit Committee meets on a termly basis and provides a forum for reporting by the Group's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of Group management. The Committee also receives and considers reports from the main FE funding bodies as they affect the Group's business.

The Group'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 and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

Internal control

Scope of responsibility

The Corporation is ultimately responsible for the Group'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 CEO, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Group'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 in the Financial Memorandum between NPTC Group of Colleges and the Welsh Government. 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 Group 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 NPTC Group of Colleges for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the Group 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 Group's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and accounts. 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 governing body;
- regular reviews by the governing body 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; and
- the adoption of formal project management disciplines, where appropriate.

NPTC Group of Colleges 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 Group 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 governing body with a report on internal audit activity in the Group. The report includes the HIA's independent opinion on the adequacy and effectiveness of the Group's system of risk management, controls, and governance processes.

The work undertaken by the internal audit service during 2022-2023 resulted in the conclusion that the organisation has an adequate and effective framework for risk management, governance, and internal control.

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 Group who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the financial statement 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 auditors and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management 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 management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for

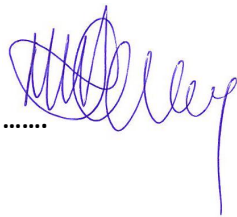
Governing Body's statement on the Group's regularity, propriety and compliance with Funding body terms and conditions of funding

The Corporation has considered its responsibility to notify Welsh Government of material irregularity, impropriety and non-compliance with the terms and conditions of funding, under the conditions of funding in place between the Group and the Welsh Government. As part of our consideration, we have had due regard to the requirements of the conditions of funding.

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

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

We 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.



Mark Dacey

Accounting Officer

Date ...24.04.2024.

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.



Rhobert Lewis

Chair of Governors

Date24.04.24.....

Independent auditors' report to the Corporation of Neath Port Talbot College (the "College")

Report on the audit of the financial statements

Opinion

In our opinion, Neath Port Talbot College's Group financial statements and College financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2023, and of the Group's and College'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 (the "Annual Report"), which comprise the Consolidated and College Balance Sheets as at 31 July 2023; the Consolidated and College Statements of Comprehensive Income, the Consolidated and College Statement of Changes in Reserves and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the Accounts, 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's and College's ability to continue as a going concern. Latest cash flow projections indicate that the Group and College will need additional funding within 12 months from the date of approval of the financial statements, the timing and magnitude of which are influenced by the decisions the Group takes regarding the future of its subsidiary company Language Specialists (International) Limited. A tender exercise to obtain a loan facility secured on the Group's property estate is to shortly commence but such a facility is not yet in place. If the tender exercise is unsuccessful, the Group and College will need to seek funding from additional sources which are not committed at the date of signing of the financial statements. These conditions, along with the other matters explained in note 1 to the financial statements, indicate a material uncertainty which may cast significant doubt about the Group and College's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and College were unable to continue as a going concern.

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.

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.

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 College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intends to liquidate the Group and College 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 the recording of fraudulent transactions designed to overstate the financial performance or 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 College's Corporation as a body in accordance with Article 18 of the College'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.

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 College 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
[Date] 25 April 2024

Consolidated and College Statements of Comprehensive Income

	Note	Year ended 31 July 2023		Year ended 31 July 2022	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	57,739	57,739	57,599	57,599
Tuition fees and education contracts	3	6,992	3,794	6,375	3,581
Other grants and contracts	4	242	242	322	322
Other income	5	5,556	3,904	5,480	3,782
Investment income	6	22	1	13	1
Total income		70,551	65,680	69,789	65,285
EXPENDITURE					
Staff costs	7	40,846	37,284	39,333	36,370
Fundamental restructuring costs	7	4	2	26	-
Other operating expenses	8	30,198	30,645	29,490	28,301
Depreciation	11	3,234	2,797	2,959	2,561
Amortisation	10	-	-	42	-
Interest and other Finance costs	9	309	282	742	725
Total expenditure		74,591	71,010	72,592	67,957
Deficit before other losses and gains		(4,040)	(5,330)	(2,803)	(2,672)
(Loss)/Gain on disposal of assets		(13)	-	31	31
Deficit before tax		(4,053)	(5,330)	(2,772)	(2,641)
Taxation		18	-	(6)	-
Deficit for the year		(4,035)	(5,330)	(2,778)	(2,641)
Deferred tax on revaluation of property	18	(55)	-	55	-
Actuarial gain in respect of pensions schemes	22	19,385	19,385	32,927	32,927
Total comprehensive income for the year		15,295	14,055	30,204	30,286
Represented by:					
Unrestricted comprehensive income		15,295	14,055	30,204	30,286


Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Group			
Balance at 1 August 2021	(6,821)	4,902	(1,919)
Deficit from the income and expenditure account	(2,778)	-	(2,778)
Other comprehensive income	32,927	55	32,982
Transfers between revaluation and income and expenditure reserves	186	(186)	-
Total comprehensive income for the year	30,335	(131)	30,204
Balance at 31 July 2022	23,514	4,771	28,285
Deficit from the income and expenditure account	(4,035)	-	(4,035)
Other comprehensive income	19,385	(55)	19,330
Transfers between revaluation and income and expenditure reserves	186	(186)	-
Total comprehensive income for the year	15,536	(241)	15,295
Balance at 31 July 2023	39,050	4,530	43,580
College			
Balance at 1 August 2021	(5,660)	3,895	(1,765)
Deficit from the income and expenditure account	(2,641)	-	(2,641)
Other comprehensive income	32,927	-	32,927
Transfers between revaluation and income and expenditure reserves	186	(186)	-
Total comprehensive income for the year	30,472	(186)	30,286
Balance at 31 July 2022	24,812	3,709	28,521
Deficit from the income and expenditure account	(5,330)	-	(5,330)
Other comprehensive income	19,385	-	19,385
Transfers between revaluation and income and expenditure reserves	186	(186)	-
Total comprehensive income for the year	14,241	(186)	14,055
Balance at 31 July 2023	39,053	3,523	42,576

Consolidated and College Balance Sheets as at 31 July 2023

	Note	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Non-current assets					
Intangible Fixed assets	10	-	-	-	-
Tangible Fixed assets	11	51,445	44,677	50,605	43,659
Investments	12	-	4,533	-	5,472
Investment in Joint Venture	12	10	-	10	-
Pension Scheme Surplus	18	13,370	13,370	-	-
		64,825	62,580	50,615	49,131
Current assets					
Stocks	13	373	363	350	340
Trade and other receivables	14	6,829	7,409	4,944	6,164
Cash and cash equivalents	19	3,876	1,935	10,636	8,316
		11,078	9,707	15,930	14,820
Less: Creditors – amounts falling due within one year	15	(15,847)	(14,460)	(15,258)	(13,795)
Net current (liabilities)/ assets		(4,769)	(4,753)	672	1,025
Total assets less current liabilities					
Creditors – amounts falling due after more than one year	16	(14,970)	(14,251)	(16,467)	(15,572)
Provisions					
Defined benefit obligations	18	-	-	(4,910)	(4,910)
Other provisions	18	(1,506)	(1,000)	(1,625)	(1,153)
Net assets		43,580	42,576	28,285	28,521
Unrestricted Reserves					
Income and expenditure account		39,050	39,053	23,514	24,812
Revaluation reserve		4,530	3,523	4,771	3,709
Total unrestricted reserves		43,580	42,576	28,285	28,521

The financial statements on pages 29 to 52 were approved and authorised for issue by the Corporation on 24 April 2024 and were signed on its behalf on that date by:

Signed 
Rhobert Lewis, Chair of the Corporation

Signed 
Mark Dacey, CEO

Consolidated Statement of Cash Flows

	Notes	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Cash flow from operating activities			
Deficit for the year		(4,035)	(2,778)
Adjustment for non-cash items			
Depreciation and amortisation		3,234	3,001
Increase in stocks		(23)	(80)
Increase in debtors		(1,886)	(889)
(Decrease)/Increase in creditors due within one year		(262)	723
(Decrease)/Increase in creditors due after one year		(1,498)	2,223
Decrease in provisions		(34)	(247)
Pensions costs less contributions payable		890	3,670
Taxation		(56)	6
Share of operating surplus in joint venture		(2)	(1)
Adjustment for investing or financing activities			
Investment income		(20)	(12)
Interest payable		309	742
Loss/(profit) on sale of fixed assets		13	(31)
Net cash (used in)/generated from operating activities		(3,370)	6,327
Cash flows from investing activities			
Investment income		20	12
Proceeds from the sale of fixed assets		130	120
New capital grants received in the year		1,618	3,571
Payments made to acquire fixed assets		(4,211)	(5,859)
Net cash used in investing activities		(2,443)	(2,156)
Cash flows from financing activities			
Interest paid		(125)	(113)
Interest element of Finance lease rental payments		(54)	(57)
Repayments of amounts borrowed		(436)	(463)
Capital element of Finance lease rental payments		(332)	(705)
Net cash used in financing activities		(947)	(1,338)
(Decrease)/Increase in cash and cash equivalents in the year		(6,760)	2,833
Cash and cash equivalents at beginning of the year	19	10,636	7,803
Cash and cash equivalents at end of the year	19	3,876	10,636

Notes to the Accounts

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* (the FE HE SORP), the *College Accounts Direction for 2019 to 2020 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 Group's accounting policies.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, Language Specialists (International) Limited, Llandarcy Park Limited, Gwendraeth Valley Community Enterprises Limited, Neath Port Talbot College Enterprises Limited and Green Inc (EU) 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. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal. 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 2023. The Group's share of the results of joint ventures is included in the Consolidated statement of comprehensive income using the equity method of accounting. Investments in joint ventures are carried in the Consolidated Balance Sheet at cost plus post-acquisition changes in the Group's share of the net assets of the entity, less any impairment in value.

Going concern

The activities of the College and Group, together with the factors likely to affect its future development and performance are set out in the Report of the Governing Body. The financial position of the College and Group, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying notes.

The College and Group currently have £1.8 million of loans outstanding with bankers.

At 31 July 2023, the Group and College had cash and cash equivalents of £3.9m, a significant reduction compared with £10.6m at 31 July 2022. The results for the year ended 31 July 2023 have resulted in the Group breaching the terms of a covenant on its bank loan with Santander. While a waiver was obtained from Santander subsequent to the year end, the Group's bank loan with Santander, which totalled £1.0m at 31 July 23 (currently £0.9m as at the date of approval of the financial statements) is therefore due on demand and has been disclosed as a current liability.

The Group and College have prepared cash flow forecasts that take into account anticipated levels of Funding body grants during the 2024/2025 academic year together with the impact of measures being introduced across the Group to lower both operating expenditure and staff costs. To date, the Welsh Government has agreed to a two-year funding settlement for 2023/24 and 2024/25, which allows £2m of Work Based Learning funding to be 'carried over' into next year. Savings have already been made to non-pay operating costs together with a reduction on annual staff costs.

The latest forecasts indicate that the Group and College will need some additional funding within 12 months from the date of approval of the financial statements, the timing and magnitude of which will be influenced by the decisions the Group takes regarding the Language Specialists (International) Limited subsidiary. A number of options

are currently being considered regarding the future of its Language Specialists (International) Limited subsidiary and an offer has recently been accepted for the disposal of its freehold property based in the centre of Portsmouth of £3.5m.

A tender exercise is to shortly commence with a number of banks to obtain a £5m loan facility secured on the Group's remaining property estate. The Group is in dialogue with lenders in relation to this need. Given the level of outstanding bank loans (£1.8m at 31 July 2023, currently £1.5m) in comparison to the carrying value of land and buildings (£44.4m for the Group, £39.0m for the College) which can be used as collateral to secure a loan against, the Corporation are confident that this additional level of funding will be achieved.

If attempts to raise finance prove unsuccessful, the Group and College will need to obtain alternative sources of finance or financial support, which are not committed at the date of signing of the financial statements, in order to be able to continue to meet their financial obligations as a going concern. As a result, the Corporation considers that there is a material uncertainty that may cast significant doubt over the Group and College's ability to continue as a going concern. The financial statements do not include any adjustments that would be required if the Group and College were unable to continue as a going concern.

Recognition of income

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 period of what is receivable and depend on the particular income stream involved. Any under achievement is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account.

Grants from non-government sources are recognised in income when the Group 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.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the Group is entitled to the funds subject to any performance related conditions being met.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors. Where the amount of tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Income from the sale of goods or services is credited to the statement of consolidated income when the goods or services are supplied to the external customers, or the terms of the contract have been satisfied.

All income from short-term deposits is credited to the statement of consolidated income in the period in which it is earned.

Gift aid is accounted for on a receivable basis.

All income arises in the UK.

Accounting for post-employment benefits

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated 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 payroll. The contributions are determined by qualified actuaries based on valuations using a prospective benefit method. The TPS is a multi-employer scheme, and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

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 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 period 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 other comprehensive income.

Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

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 Group. Any unused benefits are accrued and measured as the additional amount the Group 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 Group's income in the year that the member of staff retires. In subsequent years, a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Freehold buildings are depreciated on a straight-line basis over their expected useful lives as follows:

- Freehold Buildings – 50 years
- Refurbishments – 10 years

Freehold land is not depreciated.

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 Group followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

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 Group, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £500 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- Plant & equipment 6 years
- motor vehicles 5 years
- computer and office equipment 5 years
- farm equipment 10 years
- Diagnostic equipment 10 years

Intangible assets and goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the acquired entity at the date of the acquisition. Goodwill is amortised on a straight-line basis over its estimated useful life of 10 years. The estimated useful life is based on the period over which the group is expected to derive economic benefits from the assets.

Impairment of non-financial assets

At each balance sheet date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the assets (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to be a recoverable amount. An impairment loss is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term.

Leasing agreements which transfer to the Group 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.

Investments in joint venture

The College accounts for its share of the joint venture using the equity method. The College accounts for its share of transactions from joint operations and jointly controlled assets in the Statement of Comprehensive Income.

Inventories

Inventories are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Cost of farm stock is estimated at net realisable value less 15% in accordance with accepted agricultural valuation practice. Where necessary, provision is made for obsolete, slow-moving and defective items.

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 period with all resulting exchange differences being taken to income in the period in which they arise.

Taxation

The Group 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 Group is partially exempt in respect of Value Added Tax, so that it can only recover a portion 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 Group'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 Group 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 in the period it arises.

A contingent liability arises from a past event that gives the Group 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 Group. 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.

Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

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 Group 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, including goodwill. 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 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.

- *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 22, 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 2022 has been used by the actuary in valuing the pensions surplus at 31 July 2023. 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.

NPTC Group of Colleges

2 Funding body grants	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent Welsh Government grants				
FE funding grant	31,440	31,440	28,305	28,305
Work Based Learning (Note 2a)	16,083	16,083	18,943	18,943
Specific grants				
Release of government capital grants	1,482	1,482	1,188	1,188
Other specific grants	8,734	8,734	9,163	9,163
Total	57,739	57,739	57,599	57,599

In relation to Work Based Learning delivery, the College is the contract holder delivering on a main contractor sub-contractor basis.

2a Worked Based Learning Income	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Total income	16,083	16,083	18,943	18,943
Total	16,083	16,083	18,943	18,943

3 Tuition fees and education contracts	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Tuition fees	2,950	2,950	2,580	2,580
Cost recovery courses	57	57	107	107
Examination fees	14	14	9	9
Registration fees	1	1	34	6
International students fees	2,133	82	1,488	-
Total tuition fees	5,155	3,104	4,218	2,702
Education contracts	1,837	690	2,157	879
Total	6,992	3,794	6,375	3,581

4 Other grants and contracts	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
European Commission	242	242	322	322
Total	242	242	322	322

NPTC Group of Colleges

5 Other income	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	1,422	931	1,180	684
Other income generating activities	3,688	2,702	3,871	2,682
Other grant income	369	194	352	339
Non-government capital grants	77	77	77	77
Total	5,556	3,904	5,480	3,782

6 Investment income	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	2	1	1	1
Share of Joint Venture result	20	-	12	-
Total	22	1	13	1

7 Staff costs

The average number of persons (including key management personnel) employed by the Group and College during the year, was:

	2023	2023	2022	2022
	Group	College	Group	College
	No.	No.	No.	No.
Teaching staff	542	542	528	528
Non-teaching staff	496	333	491	343
Total	1,038	875	1,019	871

NPTC Group of Colleges

Staff costs for the above persons	2023		2022	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Wages and salaries	30,160	26,949	26,602	23,933
Social security costs	2,980	2,711	2,669	2,442
Other pension costs (Note 22)	6,814	6,735	8,944	8,875
Payroll sub total	39,954	36,395	38,215	35,250
Contracted out staffing services	892	889	1,118	1,120
	40,846	37,284	39,333	36,370
Fundamental restructuring costs – non-Contractual	4	2	26	-
Total Staff costs	40,850	37,286	39,359	36,370

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and College and are represented by the Executive Management Team which in 2022/23 comprised the CEO, Deputy CEO, Vice Principal: Academic Services, Vice Principal: Financial Services, Vice Principal: Operational Services and Vice Principal: External Relations.

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

	2023	2022
	No.	No.
The number of key management personnel including the Accounting Officer was:	<u>6</u>	<u>6</u>

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

	Key management personnel		Other staff	
	2023	2022	2023	2022
	FTE	FTE	FTE	FTE
£60,001 to £65,000 p.a.	-	-	8.0	-
£65,001 to £70,000 p.a.	-	-	1.0	6.4
£70,001 to £75,000 p.a.	-	-	5.0	-
£75,001 to £80,000 p.a.	-	-	-	-
£80,001 to £85,000 p.a.	-	-	-	-
£85,001 to £90,000 p.a.	-	-	1.0	-
£90,001 to £95,000 p.a.	-	3.6	-	-
£95,001 to £100,000 p.a.	-	1.0	-	-
£100,001 to £105,000 p.a.	3.6	-	-	-
£105,001 to £110,000 p.a.	-	-	-	-
£140,001 to £145,000 p.a.	1.0	-	-	-
£155,001 to £160,000 p.a.	-	1.0	-	-
£170,001 to £175,000 p.a.	1.0	-	-	-
	<u>5.6</u>	<u>5.6</u>	<u>15.0</u>	<u>6.4</u>

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Key management personnel emoluments are made up as follows:

	2023	2022
	£'000	£'000
Salaries	686	601
Benefits in kind	-	-
	686	601
Pension contributions	152	134
	838	735
Total emoluments	838	735

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 Accounting Officer (who is also the highest paid officer) of:

	2023	2022
	£	£
Salaries	172	160
Benefits in kind	-	-
	172	160
Pension contributions	41	38
	41	38

The remuneration package of the Principal and Chief Executive, is subject to annual review by the Chairs Committee of the Governing Body, who use benchmarking information to provide objective guidance. The Chairs Committee assesses the Corporation's performance against strategic aims and objectives and the financial position of the College, when reviewing the remuneration package of the Principal and Chief Executive. The level of pay is benchmarked against the pay of colleges of similar size in the prior financial year, taken from their financial statements, and the general trend within the sector is also considered. The members of the Corporation other than the Accounting Officer and the staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

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

	2023	2022
	£	£
Principal and CEO's basic salary as a multiple of the median of all staff *	5.81	5.50
Principal and CEO's total remuneration as a multiple of the median of all staff #	5.83	5.81

* Principal's basic salary divided by the median basic pay of all other College employees (all on a full-time equivalent basis).

Principal's total emoluments divided by the median pay of all other College employees (all on a full-time equivalent basis).

In these calculations, all employees monthly FTE salary and employer pension contributions were amalgamated into an annual FTE salary (both with and without employer's pension contributions), sorted by amount and the median found. Agency workers paid by invoice were excluded from this calculation.

8 Other operating expenses

	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	15,156	16,339	16,207	17,489
Non-Teaching costs	9,746	9,695	8,835	6,998
Premises costs	5,296	4,611	4,448	3,814
Total	<u>30,198</u>	<u>30,645</u>	<u>29,490</u>	<u>28,301</u>

Other operating expenses include:

	2023	2022
	£'000	£'000
External auditors- audit of College	61	35
External auditors- audit of subsidiaries	63	38
External auditors- regulatory services	16	13
External auditors- taxation services	20	23
External auditors- other services	7	9
Internal audit	48	53
Hire of assets under operating leases	120	164

9 Interest and other Finance costs

	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
On bank loans, overdrafts and other loans:	87	86	113	103
	<u>87</u>	<u>86</u>	<u>113</u>	<u>103</u>
Enhanced pension provision	54	28	22	22
On finance leases	38	38	57	50
Pension finance costs (Note 22)	130	130	550	550
Total	<u>309</u>	<u>282</u>	<u>742</u>	<u>725</u>

10 Intangible fixed assets

Group and College	Goodwill
	£'000
Cost	
At 1 August 2022	4,082
At 31 July 2023	<u>4,082</u>
Accumulated amortisation	
At 1 August 2022	4,082
At 31 July 2023	<u>4,082</u>
Net book value at 31 July 2023	<u>-</u>
Net book value at 31 July 2022	<u>-</u>

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11 (a) Tangible fixed assets (Group)

	Land	Buildings	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2022	5,766	70,214	15,556	1,427	92,963
Transfer	-	433	60	(493)	-
Additions	-	1,721	915	1,583	4,219
Disposals	(130)	(25)	(200)	-	(355)
At 31 July 2023	5,636	72,343	16,331	2,517	96,827
Accumulated depreciation					
At 1 August 2022	-	31,736	10,622	-	42,358
Charge for the year	-	1,908	1,326	-	3,234
Elimination in respect of disposals	-	(12)	(198)	-	(210)
At 31 July 2023	-	33,632	11,750	-	45,382
Net book value at 31 July 2023	5,636	38,711	4,581	2,517	51,445
Net book value at 31 July 2022	5,766	38,478	4,934	1,427	50,605

(b) Tangible fixed assets (College only)

	Land	Buildings	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2022	5,766	62,971	13,533	1,392	83,662
Transfer	-	433	60	(493)	-
Additions	-	1,640	800	1,505	3,945
Disposals	(130)	-	(191)	-	(321)
At 31 July 2023	5,636	65,044	14,202	2,404	87,286
Accumulated depreciation					
At 1 August 2022	-	29,953	10,050	-	40,003
Charge for the year	-	1,690	1,107	-	2,797
Eliminated in respect if disposals	-	-	(191)	-	(191)
At 31 July 2023	-	31,643	10,966	-	42,609
Net book value at 31 July 2023	5,636	33,401	3,236	2,404	44,677
Net book value at 31 July 2022	5,766	33,018	3,483	1,392	43,659

Land and buildings were valued in 2013 at depreciated replacement cost by a firm of independent chartered surveyors.

The net book value of equipment for the group includes an amount of £1,162,000 (2021/22 – £1,392,000) in respect of assets held under finance leases. The depreciation charge on these assets for the group for the year was £206,000 (2021/22) – £178,000).

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12 Investments (College only)

	College	College
	2023	2022
	£'000	£'000
Investments in subsidiary companies	5,472	5,472
Provision against investments in subsidiary companies	(939)	-
Total	4,533	5,472

The College has the following subsidiaries:

Name	% ownership of ordinary shares	Country of incorporation	Principal activity
Language Specialists (International) Limited	100	UK	English language training
Gwendraeth Valley Community Enterprises Limited	100	UK	Work based training
Llandarcy Park Limited	100	UK	Sports facilities provision
Green Inc (EU) Limited	100	UK	Work based training
Neath Port Talbot College Enterprises Limited	100	UK	Non-Trading
Cycle Academy Wales Limited	100	UK	Non-Trading

Investment in Joint Venture (Group only)

	Group	Group
	2023	2022
	£'000	£'000
Investments in Joint Ventures	10	10
Total	10	10

The College has the following Joint Ventures:

Name	% Ownership	Country of incorporation	Principal activity
JGR Educate LLP	50	UK	Recruitment and training

13 Stock

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Farm stock	363	363	340	340
Other stock	10	-	10	-
Total	373	363	350	340

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14 Trade and other receivables

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	2,608	1,520	986	443
Amounts owed by group undertakings:				
Subsidiary undertakings	-	2,315	2	2,298
Prepayments and accrued income	4,221	3,574	3,952	3,423
Deferred tax asset	-	-	4	-
Total	<u>6,829</u>	<u>7,409</u>	<u>4,944</u>	<u>6,164</u>

15 Creditors amounts falling due within one year

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (Note 17a)	1,198	1,178	416	407
Obligations under finance leases (Note 17b)	236	73	346	153
Trade payables	4,017	3,428	1,927	1,492
Amounts owed to group undertakings:				
Subsidiary undertakings	-	127	-	207
Other taxation and social security	1,137	982	1,018	693
Corporation tax	-	-	6	-
Accruals and deferred income	6,765	6,187	9,349	8,662
Holiday pay accrual	894	885	725	710
Deferred income - government capital grants	1,600	1,600	1,471	1,471
Total	<u>15,847</u>	<u>14,460</u>	<u>15,258</u>	<u>13,795</u>

16 Creditors amounts falling due after more than one year

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Bank loans (Note 17a)	587	548	1,805	1,726
Obligations under finance leases (Note 17b)	450	9	627	81
Deferred income - government capital grants	13,933	13,694	14,035	13,765
Total	<u>14,970</u>	<u>14,251</u>	<u>16,467</u>	<u>15,572</u>

NPTC Group of Colleges

17 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
In one year or less	1,198	1,178	416	407
Between one and two years	189	169	416	407
Between two and five years	398	379	1,248	1,221
In five years or more	-	-	141	98
Total	<u>1,785</u>	<u>1,726</u>	<u>2,221</u>	<u>2,133</u>

The bank loans are as follows:

Bank	Amount£ '000	Rate	Term
Lloyds TSB	717	4.096% fixed	16 years
Santander	1,010	4.880% fixed	16 years
Coronavirus Bounce Back Loan	29	2.50% fixed	6 years
Coronavirus Bounce Back Loan	29	2.50% fixed	6 years

Bank loans repayable by instalments falling due between 1 August 2023 and 31 October 2027 totalling £1,009,000, are secured on a portion of the freehold land and buildings of the College.

(b) Finance leases

The net finance lease obligations to which the institution is committed are:

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
In one year or less	236	73	346	153
Between two and five years	450	9	627	81
Total	<u>686</u>	<u>82</u>	<u>973</u>	<u>234</u>

Finance lease obligations are secured on the assets to which they relate. The Group has acquired tangible assets under finance leases of £Nil (2022: £1,215,000) in the year.

18 Provisions

	Defined benefit obligations £'000	Enhanced pensions £'000	College Total £'000	Deferred Taxation £'000	Group Total £'000
At 1 August 2022	4,910	1,153	6,063	472	6,535
(Expenditure)/income in the period	-	(200)	(200)	34	(166)
Movement in period	(18,280)	47	(18,233)	-	(18,233)
At 31 July 2023	<u>(13,370)</u>	<u>1,000</u>	<u>(12,370)</u>	<u>506</u>	<u>(11,864)</u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 22.

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The enhanced pension provision relates to the cost of staff who have already left the College's employ 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.

The principal assumptions for this calculation are:

	2023	2022
Price inflation	2.8%	2.9%
Discount rate	5.0%	3.3%

The provision for deferred taxation relates to the revaluation of fixed assets in the subsidiary companies.

19 Cash and cash equivalents (Group)

	At 1 August 2022	Cash flows	At 31 July 2023
	£'000	£'000	£'000
Cash and cash equivalents	10,636	(6,760)	3,876
Total	10,636	(6,760)	3,876

20 Capital and other commitments

	Group 2023	College 2023	Group 2022	College 2022
	£'000	£'000	£'000	£'000
Capital commitments as at 31 July	5,476	4,314	240	240

21 Lease obligations

At 31 July the Group had minimum lease payments under non-cancellable operating leases as follows:

	Group 2023	College 2023	Group 2022	College 2022
	£'000	£'000	£'000	£'000
Future minimum lease payments due				
Land and buildings				
Not later than one year	91	232	120	232
Later than one year and not later than five years	-	1,018	91	988
Later than five years	-	568	-	830
Total	91	1,818	211	2,050

22 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 City & County of Swansea Local Government Pension Scheme (LGPS) for Non-Teaching staff, which is managed by the City & County of Swansea. Both are multi-employer defined-benefit plans.

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Total pension cost for the year	2023	2022
	£'000	£'000
Teachers' Pension Scheme: contributions paid	3,418	2,932
Local Government Pension Scheme:		
Contributions paid	2,380	2,130
FRS 102 (28) charge	890	3,670
Charge to the Statement of Comprehensive Income	3,270	5,800
Other pension schemes: Contributions paid	79	68
Enhanced pension credit	47	144
	6,814	8,944
Total Pension Cost for Year within staff costs (Note 7)		

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 2022.

Contributions amounting to £872,000 (2022: £638,000) were payable to the schemes at 31 July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including colleges. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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.

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.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

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 valuation reported 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.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% previously).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £3,418,000 (2022: £2,932,000).

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Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the City & County of Swansea. The total contributions made for the year ended 31 July 2023 were £3,110,000, of which employer's contributions totalled £2,380,000 and employees' contributions totalled £730,000. The current contribution rates are 21.2% for employers and range from 5.5% to 12.5% for employees, depending on salary.

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by a qualified independent actuary.

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	4.1%	4.1%
Future pensions increases	2.6%	2.6%
Discount rate for scheme liabilities	5.0%	3.4%
Inflation assumption (CPI)	2.6%	2.6%

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 2023	At 31 July 2022
	Years	Years
<i>Retiring today</i>		
Males	21.7	22.1
Females	24.2	24.2
<i>Retiring in 20 years</i>		
Males	22.3	23.2
Females	25.3	25.7

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

	Fair Value at 31 July 2023	Fair Value at 31 July 2022
	£'000	£'000
Equity instruments	54,720	54,031
Debt instruments	15,760	11,914
Property	3,420	2,563
Cash	450	762
Total fair value of plan assets	74,350	69,270
Present value of scheme liabilities	(60,980)	(74,180)
Net pension surplus/(liability) (Note 18)	13,370	(4,910)

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

	2023	2022
	£'000	£'000
Amounts included in staff costs		
Current service cost	3,270	5,800
Total	3,270	5,800
Amounts included in interest cost		
Net interest cost	130	550
	3,400	6,350

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	2023	2022
	£'000	£'000
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	1,110	1,270
Changes in assumptions underlying the present value of plan liabilities	18,190	31,490
Amount recognised in Other Comprehensive Income	19,300	32,760
Defined benefit obligations at start of period	74,180	99,020
Current service cost	3,270	5,800
Interest cost	2,510	1,680
Contributions by Scheme participants	730	640
Changes in financial assumptions	(18,190)	(31,490)
Estimated benefits paid	(1,520)	(1,470)
Defined benefit obligations at end of period	60,980	74,180
Changes in fair value of plan assets		
Fair value of plan assets at start of period	69,270	65,570
Interest on plan assets	2,380	1,130
Return on plan assets	1,110	1,270
Employer contributions	2,380	2,130
Contributions by Scheme participants	730	640
Estimated benefits paid	(1,520)	(1,470)
Fair value of plan assets at end of period	74,350	69,270

23 Related party transactions

	Year Ended 31 July				Year Ended 31 July			
	2023 Income £'000	2023 Expenditure £'000	2023 Debtor £'000	2023 Creditor £'000	2022 Income £'000	2022 Expenditure £'000	2022 Debtor £'000	2022 Creditor £'000
Related Party								
Gwendraeth Valley Community Enterprises Limited	384	1,183	789	-	-	1,282	777	-
Llandarcy Park Limited	-	232	1,524	127	-	232	628	127
Language Specialists (International) Limited	-	-	-	-	-	-	900	1
Green Inc (EU) Limited	-	-	-	-	-	-	-	86
Neath Port Talbot College Enterprises Limited	-	-	2	-	-	-	-	-

Debtor balances of £1.6m with Language Specialists (International) Limited and £0.4m with Green Inc (EU) Ltd have been provided for in full at the year end.

The total expenses paid to or on behalf of the Governors during the year was £0, for 1 Governor (2022: £270; 1 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 Group or its subsidiaries during the year (2022: None).

24 Amounts disbursed as agent

Financial Contingency Funds

	2023	2022
	£'000	£'000
Balance at the start of the financial year	11	46
WG grants received	607	552
	<hr/>	<hr/>
	618	598
Disbursed to students	(618)	(587)
Administration costs	-	-
	<hr/>	<hr/>
Balance unspent the end of the financial year	<u>-</u>	<u>11</u>

Financial contingency fund 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.

25 Events after the reporting period

After the year end, a share purchase agreement was completed on the 28th March 2024 with Green Inc (EU) Limited being sold for £1.