



**REPORT AND FINANCIAL
STATEMENTS OF TRURO AND
PENWITH COLLEGE**

**FOR YEAR ENDED
31 JULY 2019**





TRURO AND PENWITH COLLEGE

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2019

CONTENTS	PAGE
REFERENCE AND ADMINISTRATIVE DETAILS	1
STRATEGIC REPORT.....	2
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL.....	13
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE.....	21
STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION	22
INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF TRURO AND PENWITH COLLEGE	23
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE.....	28
STATEMENT OF CHANGES IN RESERVES	29
BALANCE SHEET.....	30
STATEMENT OF CASH FLOWS.....	31
NOTES TO THE FINANCIAL STATEMENTS.....	32

REFERENCE AND ADMINISTRATIVE DETAILS

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2018/19:

David Walrond BA (Hons), MA, MBA – Principal and CEO; Accounting officer
Mark Arnold BSc (Hons) – Director of Quality
Lowenna Bradley BA (Hons, Cantab), MA (Cantab) – Director of Quality (appointed 1 July 2019)
Jane Cashmore BA (Hons), MA, MBA – Director of Operations
Sue Dickinson BA (Hons), FCA – Director of Finance (retired 7 January 2019)
Dom Haughton FCCA – Acting Director of Finance (appointed 1 October 2018)
Cheryl Mewton B.Ed (Hons) – Director of Studies
Andy Stittle B.Sc(Hons), CMath, FIMA - Director of Teaching and Learning
Martin Tucker B.Ed (Hons) – Director of Penwith College
Mark Wardle LLB (Hons) – Director of Curriculum

Board of Governors

A full list of Governors is given on pages 14-16 of these financial statements.

Professional Advisers:

Financial Statement & Regularity Auditors:	Bishop Fleming LLP	Chy Nyverow Newham Road Truro
Internal Auditors:	TIAA Ltd	Artillery House Fort Fareham Newgate Lane Fareham
Bankers:	HSBC	17 Boscawen Street Truro
Solicitors:	Michelmores	Woodwater House Pyne's Hill Exeter
	Stephens Scown	3 Cross Lane St Austell
	Ramsay Paterson	Lynwood Newland Garden Sherborne

STRATEGIC REPORT

OBJECTIVES AND STRATEGY

The Members of Truro and Penwith College Corporation are pleased to present their report and audited financial statements covering the year ended 31 July 2019.

Legal Status

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

Mission

“The purpose of the College is to provide the best possible learning experience, leading to the highest possible level of achievement by our students.”

Public Benefit

Truro and Penwith College Corporation is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 14 to 16.

In setting and reviewing the College’s strategic objectives, the Governing Body has had due regard for the Charity Commission’s guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

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

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

Implementation of Strategic Plan

In September 2016 the College adopted a Strategic Plan for the 3 year period 2016/17 to 2018/19. This Strategic Plan includes property and financial plans. The Corporation has monitored the performance of the College against its Strategic Plan which is reviewed and updated each year.

The College's key continuing strategic objectives are:

- To increase 16-18 FE enrolments
- To sustain and develop HE provision
- To sustain and develop full and part-time opportunities for adults
- To meet the needs of local employers and further develop demand-led employer provision
- To sustain and continue to develop the College’s physical resources
- To maintain a secure financial position

STRATEGIC REPORT (CONTINUED)

Attainment of Objectives – 2018/19

The College was mostly successful in 2018/19 in meeting the objectives for the year:

- The total number of FT 16-18 students fell slightly, partly due to a demographic pattern, and also as some from the east of the county opted to enrol at Callywith College as it entered its second year of operation.
- In common with many other FE providers, we saw our HE enrolments fall, although in the case of Level 6 enrolments recruitment levels were maintained at 2017/18 levels.
- The range of work undertaken to meet the needs of local employers and their employees has grown; for example we continued to develop the range of Apprenticeship programmes and have offered training through ESF projects.
- Investment has continued in the College's capital development.
- Excellent levels of achievement were maintained (see further details below).
- The College's financial position remains secure (see further details below).
- Changes to the adult funding formula have inevitably resulted in reduced numbers of learners aged over 19, but despite the existing financial climate the College has continued to recruit successfully in this area of its provision.
- Enrolments by students funded by the Government's Advanced Learning Loans programme were maintained at a similar level to those of 2017/18.

Resources

The college has various resources that it can deploy in pursuit of its strategic objectives.

The College employs 858 people (expressed as full-time equivalents), of whom 424 are teaching staff.

During the year ended 31 July 2019 the College enrolled approximately 13,500 students. The college's student population includes 5,000 16-to-18-year-old students, 400 apprentices, 600 higher education students and 7,500 adult learners.

The College has £51.8 million of net assets (including £15.5 million pension liability) and does not have any debts. Tangible resources include all college sites and equipment with a current net book value of £82.8 million including the infrastructure and land at Callywith College, Financial Investments valued at £13.7 million and short term cash deposits of £4.5 million as at 31 July 2019.

Reputation

The College has an excellent reputation locally and nationally, retaining Ofsted Outstanding in the latest inspection and gaining a Gold TEF Award for HE provision. The quality of the College provision has enabled a host of partnership working including the Cornwall Teaching School, Cornwall SCITT Lead, the Maths Hub for Cornwall and West Devon, the Science Learning Partnership for Cornwall and most recently has become one of only ten national Computer Hubs. These initiatives result in the College working cross phase with many schools in Cornwall and further afield in the South West of England. The college is also the only Cornish provider of the South West Institute of Technology which was signed off by DfE in September 2019. This provides funding of £2 million towards a new £7.25 million new build adjacent to the Seaton building to provide higher level qualifications and apprenticeships aligned against key LEP areas such as Digital and Engineering. Maintaining a quality brand is essential for the College's success in attracting students and fostering external relationships.

STRATEGIC REPORT (CONTINUED)

Stakeholders

The College has many stakeholders including:

- Its current, future and past students
- Staff
- Parents
- Cornwall SCITT – Note 23 to the Financial Statements
- Truro and Penwith Academy Trust – Note 24 to the Financial Statements
- Callywith College Trust – Note 25 to the Financial Statements
- Local schools
- Education and Skills Funding Agency
- Office for Students
- The FE Commissioner
- Local employers
- Cornwall Council
- Government Offices
- Cornwall & Isles of Scilly Local Enterprise Partnership
- The local community
- Other FE institutions
- University of Plymouth
- University of Greenwich
- Other universities
- South West Institute of Technology
- Trade unions
- Professional bodies

DEVELOPMENT AND PERFORMANCE

Financial Results

The College generated an underlying operating deficit in the year of £450,000 (2017/18 – surplus of £9,000) before other gains and losses. A number of adjustments arising from the implementation of FRS102, including changes in the value of the Local Government Pension Fund under defined benefit obligations, together with gains and losses on both the value of non-current financial investments and disposals of fixed assets, impact upon the operating surplus and give rise to total comprehensive income as set out on page 28 of the Financial Statements. The table below sets out these adjustments and reconciles total comprehensive income to the operating surplus.

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Total Comprehensive Income and Expenditure	(4,725)	2,339
Actuarial Loss/(Gain) in respect of Pension Schemes	3,014	(3,865)
Surplus/(Deficit) before tax	(1,711)	(1,526)
Gain on Investments	(261)	(336)
Gain on Disposal of Assets	(97)	(27)
Deficit before other losses and gains	(2,069)	(1,889)
FRS 102 adjustments to Staff Costs in respect of Pension Schemes	1,151	1,446
FRS 102 adjustments to Interest Payable in respect of Pension Schemes	324	372
Gain on Disposal of Investments	85	21
Transfers from Revaluation Reserve	59	59
Underlying Operating Surplus/(Deficit)	(450)	9

STRATEGIC REPORT (CONTINUED)

Governors acknowledge the efforts of the Key Management personnel and the staff in ensuring that the College has continued to operate extremely cost-effectively in the current climate of financial pressures faced by the sector.

Developments

Tangible fixed asset additions amounted to £2,261,000. This related to equipment purchases of £829,000, building developments on the existing campuses at Truro and Penwith College of £1,189,000, fees in relation to the development of the Stadium for Cornwall of £171,000, and the final development phase of the third campus at Bodmin in partnership with Callywith College Trust at £72,000. The DfE funded the construction of Callywith College through Truro and Penwith College. In September 2018 Truro and Penwith College issued a 125 year lease to Callywith College Trust, and the buildings and accompanying capital grant were transferred to the balance sheet of Callywith College Trust as at 31 July 2018.

Reserves

The College has accumulated reserves of £51,844,000 and cash and investment balances of £23,460,000.

Sources of Income

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. For 2018/19 the various funding streams from the ESFA and the OFS totalled £26,336,000 which represented 63.7% of the College's total income.

Subsidiary Companies

The College does not have any subsidiary companies other than Truro and Penwith College Trust Fund (see note 22 to the Financial Statements).

FINANCIAL POSITION

Financial Objectives

The overall objective for the College is to remain financially sound in order to be able to deliver its strategic planned objectives. Specifically these objectives will be achieved by:

- achieving an annual EBITDA surplus of 1% of turnover
- maintaining at least 35 cash days in hand
- sustaining a current ratio of 2.0
- limiting borrowing as a percentage of net assets to 20%
- pursuing alternative sources of funding
- funding continued capital investment through established reserves and borrowing

A series of performance indicators have been agreed against which to monitor the successful implementation of the policies and to maintain the College's Financial Health Grade Outstanding status as assessed by the Education and Skills Funding Agency (ESFA).

Performance Indicators

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The College is assessed by the ESFA as having an "Outstanding" financial health grading. The current rating of Outstanding is considered an exceptional outcome in view of reduced funding throughout the sector.

STRATEGIC REPORT (CONTINUED)

FUTURE PROSPECTS

Financial plan

The College governors approved a financial plan in July 2019 which sets objectives for the period to 2021.

Treasury Policies and Objectives

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

The College has a separate treasury management policy in place. The College does not currently borrow money, but should the need arise, short term borrowing for temporary revenue purposes would be authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash Flows and Liquidity

Operating cash inflow was £57,000 (2017/18 underlying inflow of £4.9m) for the year, which remained reasonably strong in the current climate of reduced public funding.

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in maintaining financial stability, supporting core activities and enabling investment. The College will use its cash balances to fund future capital projects and to continue to invest in its existing campuses. The College reserves include £200,000 held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at £49,738,000 (2018: £54,404,000). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. In reaching its conclusion the Corporation reviewed the resources available to itself in the next three to five years.

CURRENT PERFORMANCE

Students who completed courses during 2018/19 maintained the outstanding levels of achievement for which the College has gained a national reputation. Pass rates (% of those who completed and achieved), Qualification Achievement Rates (% of those who started the course, were retained and achieved – formally 'success rate') and percentage of high grades are generally above sector and national averages. In addition, and most notably, value added performance (the measure of progress made from GCSE) is significantly positive. Most of the results at Penwith compare favourably with parallel provision at Truro. The small minority of programmes that do have lower than average QAR, whether through lower retention or pass rates, become the focus of action-planning in the self-assessment process.

STRATEGIC REPORT (CONTINUED)

GCE Advanced Level

- At GCE A Level, students achieved a 99.5% pass rate at grades A – E, 2% above the national average for all institutions and the highest percentage ever achieved by the College
- 100% pass rate recorded in 34 subjects out of a total of 41 subjects taken.
- Qualification Achievement Rate for over 1,800 starts /enrolments is 96.3%.
- 66.2% of completers achieved high grades (A*-B) (well above the national average of 51.1%), which is amongst the highest levels achieved by the College, with 82 students achieving three or more grade A or A*.
- The value added Advanced Level Performance system (ALPs) score at Advanced Level was 2 (Outstanding) putting the College in the top 10% of providers.
- AS performance: QAR on nearly 2700 starts declined from 85% to 81%, but cannot be compared year to year since AS entries have declined to just 10% of what they were 3 years ago.

International Baccalaureate (IB)

There were 209 subject entries for the IB, with an average points achievement per candidate of 36 (equal to previous year). 28% of the cohort gained 40 points or above (up 8% from previous year and 18% higher than the global average). 72% of students gained 30+ points (equivalent to 144 UCAS pts or AAA for A Level).

Vocational Courses

Achievement levels on vocational programmes remain high. Nearly 900 students were successful in their L3 Extended Diplomas (18 unit awards, equivalent to three A Levels). On the BTEC courses over 400 of these students gained at least three Distinction grades, the equivalent of three grade A's at A level, which equates to 64% of completers (equal to 2017/18). This is against the national average of 34% for this measure. Of these, over 200 students achieved the highest possible grade of Triple Distinction Star. The College value added ALPS score for Extended Diploma courses was 4 (above average). Outcomes on the University of Arts for London Extended Diploma courses, taken by 250 students following creative arts and media based courses were also strong with over 100 students gaining the highest Distinction grade (40% of completers compared to 23% nationally).

Access to Higher Education Courses

Access to HE courses provide mature students (19+) with a one-year programme of study to enable progression to higher education. The College offers courses covering Art and Design, Creative Media and Photography, Computing, Humanities, Teaching and Law, Psychology and Social Work, Nursing and Human Sciences, Medical Careers and Science. 113 students gained their Access to HE diplomas and 92% of these progressed to their first-choice universities. Many of these students choose to study in the South West, including over 20% who progress to HE courses at Truro and Penwith College.

Higher Education

Higher Education awards gained varied from Honours and Foundation degrees to Higher National Diplomas, PGCE and Certificate in Education and Short Course Certificates. There were a total of 317 awards gained (down 32 on 2017/18): 145 Honours Degrees, 2 Degrees, 126 Foundation Degrees, 23 PGCE/Certificate in Education, 21 HNDs. Of these, 19 students achieved Distinctions on their Foundation Degrees/HNDs (13%) and 33 students achieved First Class Honours degrees (23%, down 4% on 2017/18).

STRATEGIC REPORT (CONTINUED)

FUTURE DEVELOPMENT

Curriculum Developments

The range of both Full Time and Part Time Further Education courses will continue to evolve at both the Truro and Penwith sites, particularly as a result of significant changes in national curriculum policy. The College works in partnership with local schools, the Local Authority and the Local Enterprise Partnership to ensure local needs are met and to provide opportunities for progression onto Higher Education and employment and for the development of skills in the workplace.

Following significant external change to specifications and assessment, we retain a wide-ranging offer of full linear A Levels and are currently offering 41 A Level subjects. Similar reform is ongoing with Level 3 Extended Diploma courses, with almost all the 20 courses on offer changing to NQF/RQF programmes which include externally assessed examination units. The International Baccalaureate has over 90 students currently following the programme. The College's professional and technical curriculum offer is designed to meet the needs of employers and the local economy with full-time courses and a range of apprenticeships in professional cookery, construction and automotive engineering which have all proved to be extremely popular. Partnerships with employers such as Rick Stein's and St Austell Brewery enrich the student experience. Twelve Access to HE Diplomas meet the needs of mature students seeking to progress to university.

To support student progression, courses on offer range from Level 1 through to Level 6. Progression 1 and 2 programmes integrate Maths and English Functional Skills/GCSE qualifications alongside a range of vocational qualifications and employability skills development which supports progression to higher level courses, apprenticeships or traineeships. On all courses there is an increased focus on work placements to aid progression and the development of wider employability skills. From 2020 Truro and Penwith College will be one of only 48 providers nationally of the new T levels with the next closest provider at Exeter. The first wave of these qualifications will include the Construction, Digital and Education sectors.

Our successful engagement with employers continues to expand provision with growth in apprenticeships at both Level 2 and Level 3 in a broad range of sectors including accountancy, hospitality and engineering. A new partnership with the University of Greenwich was successful in securing the tender for the nursing associate higher level apprenticeship starting in January 2020.

The college is also the only Cornish provider of the South West Institute of Technology which was signed off by the DfE in September 2019. This provides funding of £2 million towards a new £7.25 million new build adjacent to Seaton to provide higher level qualifications and apprenticeships aligned against key LEP areas such as Digital and Engineering.

We offer all students the opportunity to join an academy or study plus option to enrich their learning experience. The Academic Academy, a weekly lecture programme designed to stretch, challenge and provide support for application to selective universities has over 100 students regularly attending. The College's Medics' Academy supports over 60 aspiring Medics through the application process. We have twelve sporting academies including a premiership Rugby Academy for the Exeter Chiefs, Chelsea FC Foundation Centre for football and are affiliated with Team Bath for Netball. Other sporting Academies on offer include Hockey, Basketball, Cricket, Surfing, Badminton, Tennis and Elite, with over 1450 students participating in physical activity during the year. The Music Academy provides over 30 talented musicians wider performance and development opportunities, whilst the Art Academy enables students to develop technical skills and knowledge of creative industries. Students aiming for careers in STEM are supported by subject specific enrichment programmes and through the Computing Academy, whilst entrepreneurial skills are put to the test in the highly successful Enterprise Academy.

STRATEGIC REPORT (CONTINUED)

Our Foundation Studies provision offers a range of courses suitable for students with a variety of specific learning needs. Our commitment to all learners in the local community is also reflected in the opportunities offered through an extensive offer of part-time courses. The aim of our curriculum offer remains clear: to provide a broad range of opportunities to meet the needs of as many individuals as possible. The College has produced detailed publicity material to explain the many available options.

EXTERNAL JUDGEMENTS OF QUALITY

The most recent Ofsted inspection report was published in April 2016 and awarded Grade 1, Outstanding, for Overall Effectiveness. The College became the first in the country to achieve an Outstanding grade under the new Common Inspection Framework and remains one of only six nationally to do so. All the key inspection categories: Effectiveness of Leadership and Management; Quality of Teaching, Learning and Assessment; Personal Development, Behaviour and Welfare and Outcomes for Learners were graded as 1, Outstanding. In addition, 16-19 Study Programmes and Provision for Learners with High Needs were also judged to be Outstanding.

The College's Higher Education provision was successfully externally assessed by HEFCE through its Annual Provider Review in 2016/17 and also gained the Teaching Excellence Framework Gold Award. The College successfully completed the University of Plymouth's (UoP) 5 year review of the College's Higher Education provision in 2017/18 and is taking its older HE courses through planned UoP re-approval during 2019-20 and 2020-21. Following recent changes to UoP Academic Partnerships charges, the College has negotiated a new 5 year Academic Cooperation Agreement with the University of Plymouth. The College completed the Office for Students (OfS) registration process in 2018/19 and is now on the OfS Register as an HE Provider. An outcome of that process is a review of HE Governance to ensure the College meets the requirements of OfS. The OfS National Student Survey continues to give strong results with the college over benchmark in each of the 2019 questionnaire response areas. The overall "student satisfaction with their course" response increased from 91% to 92% and for the second year running was the highest outcome for any HE provider in Cornwall and Devon. Higher Education activity continues to adapt to a rapidly changing and uncertain environment, with HE providers awaiting the response to the DfE review of post-18 Education and Funding (Augur Review) and engaging with an ongoing DfE Review of Higher Technical Education. HE provision at the College is embracing more Pearson based Higher National Certificates and Diplomas (HNC/HND) as part of the South West Institute of Technology development and will be engaging with a new HE partner to support Higher Apprenticeship developments in the Health and Care Sector. The College has written a new 5 year OfS Access and Participation Plan which has been reviewed by OfS and is now awaiting final approval.

This plan will link to the new 5 year College HE strategy which is under development for 2020 approval.

The College has Investors in Diversity and Investor in Careers status and also *Matrix* accreditation for advice and guidance across the whole of its provision. Reaccreditation for both of these will take place in 2019/20.

In November 2016 the College received the AOC Beacon Award for Leadership and Governance. In November 2017 the College received the AOC Beacon Award for Mental Health and Wellbeing and was also the winner of the Leading Light Award. In 2018/19 Foundation Studies provision was highly commended by the AoC.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

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

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

Outlined below is a summary of the principal risk factors that affect the College.

1. Government Funding

The College is aware of several factors which may impact on future funding, including apprenticeship reforms and the devolution of the Adult Education Budget. The College is working with key stakeholders to ensure it develops a future offer that meets the needs of local employers and students.

2. Reduced Enrolment

The success of the College has led to high levels of enrolment across most areas of activity - 16 to 18 provision and programmes for adults at both FE and HE level. A variety of issues have been identified that could affect the enrolments across all ages and mitigating actions have been put in place to address these where possible. Ensuring an on-going focus upon the quality of provision remains a key priority for the College.

3. Failure to Constrain Expenditure

Government funding through the Education and Skills Funding Agency (ESFA) is reducing in the light of public sector cuts. The College has an extremely strong financial base from which to address this problem. Careful budget planning and in year monitoring, along with ongoing reviews to identify efficiencies, helps to mitigate this risk.

4. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS102.

5. Area Review

The outcome of the local collaboration with The Cornwall College Group may have a further impact on Truro and Penwith College.

STRATEGIC REPORT (CONTINUED)

EQUALITY, DIVERSITY AND INCLUSION

Truro and Penwith College aims to be recognised as a leader of equality and diversity in its work and as an example of good practice. This resulted in the College being awarded Investors in Diversity accreditation in 2013 by the National Centre for Diversity and gaining reaccreditation during 2015 and again in 2017. During the process the College was rated 18th out of more than 600 employers for EDI. Reassessment will take place in 2019/20. The College's Equality, Diversity and Inclusion Policy (formerly the Single Equality Scheme) sets out the framework within which the College promotes equality for and prevent discrimination against our students, staff, governors and visitors. The college respects and celebrates the diversity of our students and staff, recognising the social and intellectual benefits of a diverse student population and seeks to eliminate direct discrimination, indirect discrimination, victimisation and harassment. Success of the College's Equality, Diversity and Inclusion Policy requires ownership by Governors, Senior Management, all staff, all students and the college community. On all courses there is an increased focus on work placements to aid progression and the development of wider employability skills.

Discrimination, harassment and victimisation, direct or indirect, is unjust. It is the right of all individuals to expect fair treatment.

- (a) All members of the College - governor, employee, student or visitor - will be valued equally and treated considerately.
- (b) The promotion of excellent practice in equality and diversity will be central to all aspects of College life: learning, teaching, employment, environment, student services.
- (c) All students are entitled to an inclusive learning environment and the provision of an accessible curriculum.
- (d) Staff and students are entitled to dignity and respect in the workplace and learning environment.
- (e) The commitment and involvement of staff and students is essential to the implementation of our Policy.

Disability Statement

The College seeks to achieve the objectives set down in the Equality Act 2010 and in particular makes the following commitments:

- (a) The vast majority of the College's buildings have been constructed since 1993 and all have included the installation of lifts and ramps to allow access to people with a disability.
- (b) There is a supply of specialist equipment such as portable computers, which the College can make available for use by students.
- (c) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- (d) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of Learning Support Assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- (e) Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format.

STRATEGIC REPORT (CONTINUED)

- (f) Counselling and welfare services are described in the College charter and the student handbook and are available to students and staff.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College

Numbers of employees who were relevant union officials during the relevant period	11
FTE employee number	10.6

Percentage of time	Number of employees
0%	0
1-50%	11
51-99%	0
100%	0

Total cost of facility time	£18,020
Total pay bill	£28,818,000
Percentage of total bill spent on facility time	0.06%

Time spent on paid trade union activities as a percentage of total paid facility time	0.00%
---	-------

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to disclose data regarding payment performance of suppliers. During the accounting period 1 August 2018 to 31 July 2019, the College paid 60.7 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Disclosure of Information to Auditors

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

Approved by order of the members of the Corporation on 11 December 2019 and signed on its behalf by:

Signature Robert S Crossland Date: 11 Dec 2019
Robert Crossland, Chair

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Governance Statement

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2018 to 31 July 2019 and up to the date of approval of the annual report and Financial Statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in the Code of Good Governance for English Colleges' ("the Code");

In the opinion of the governors, the College complies with all the provisions of the Code insofar as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2019. 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. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted in November 2015.

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.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

MEMBERS WHO SERVED ON THE CORPORATION DURING THE YEAR COMMENCING 1 AUGUST 2018 AND UP TO THE DATE OF SIGNATURE OF THIS REPORT ARE LISTED BELOW

Name	Date of First Appointment	Date of Latest Appointment	Term of Office	Date of Resignation	Status	Committees Served	Corporation Meetings Attended in 2018/19	Total Meetings Attended in 2018/19
Mrs K Ashworth	1 Aug 2013	1 Aug 2017	31 Jul 2021		External Member	Employment & Business Policy; Investment Panel	3/6	4/10
Mrs L Batchelor	1 Oct 2012	1 Aug 2016	31 Jul 2020		External Member	Employment & Business Policy; Audit; Teaching, Learning & Assessment; Remuneration	6/6	15/17
Ms A Buriton	10 Oct 2018		5 Jul 2019		Student Member	Teaching, Learning & Assessment	4/4	5/6
Mr P Callen	1 Nov 2016		31 Jul 2020		External Member	Finance & General Purposes; Investment Panel	5/6	13/14
Mr D Collins	1 Aug 2017		31 Jul 2021		External Member	Finance & General Purposes	4/6	9/12
Mr R Crossland (Chair of Corporation from 08.08.19)	17 Sep 2003	1 Aug 2017	31 Jul 2021		External Member	Teaching, Learning & Assessment; Remuneration; Employment & Business Policy (Chair); Search & Governance; Chairs' Standing Committee	6/6	16/18
Ms B Duff	10 Oct 2018		5 Jul 2019		Student Member	Teaching, Learning & Assessment	4/4	7/7
Ms L Edge	1 Jan 2018		31 Dec 2021	20 Feb 2019	External Member	Finance & General Purposes	1/2	2/5
Mr W Elliott	14 Nov 2014	9 Dec 2015	31 Jul 2019	15 Feb 2019	External Member	Employment & Business Policy; Audit	0/2	0/4
Mr J Green	1 Jan 2018		31 Dec 2021	1 Oct 2018	External Member	Teaching, Learning & Assessment	N/A	N/A
Mr S Jose	29 Sept 2010	1 Oct 2014	30 Sep 2018		Staff Member	Teaching, Learning & Assessment	N/A	N/A
Dr J Lander	1 Jan 2008	1 Aug 2015	31 Jul 2019		External Member	Finance & General Purposes (Chair); Investment Panel (Chair); Remuneration	4/5	17/18

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

MEMBERS WHO SERVED ON THE CORPORATION DURING THE YEAR COMMENCING 1 AUGUST 2018 AND UP TO THE DATE OF SIGNATURE OF THIS REPORT (CONTINUED)

Name	Date of First Appointment	Date of Latest Appointment	Term of Office	Date of Resignation	Status	Committees Served	Corporation Meetings Attended in 2018/19	Total Meetings Attended in 2018/19
Ms B Michael	10 Oct 2018		5 Jul 2019		FE Student Member	Teaching, Learning & Assessment	4/4	5/6
Sir Robert Owen	28 Mar 2018		31 July 2022		External Member	Teaching, Learning & Assessment; Finance & General Purposes	3/6	10/15
Ms S Russell	2 Oct 2019		3 Jul 2020		Student Member	Teaching, Learning & Assessment	N/A	N/A
Mrs S Sanderson	1 Aug 2014	1 Aug 2018	31 Jul 2022		External Member	Audit; Teaching, Learning & Assessment	6/6	12/14
Ms E Seward-Adams	1 Oct 2018		30 Sept 2022		Staff Member	Teaching, Learning & Assessment	3/5	8/10
Dr E Sheridan	1 Jan 2007	1 Aug 2018	31 Jul 2022		External Member	Teaching, Learning & Assessment (Chair); Remuneration; Search & Governance; Chairs' Standing Committee	6/6	16/16
Ms D Skinnard	14 Mar 2006	1 Aug 2016	31 Jul 2020		External Member	Employment & Business Policy; Audit Committee	5/6	8/11
Mr R Townsend	1 Aug 2019		31 Jul 2023		External Member	Finance & General Purposes	1/2	N/A
Mr D Walrond	23 Aug 2010		ongoing		Principal	Finance & General Purposes; Search & Governance; Employment & Business Policy; Chairs' Standing Committee; Teaching, Learning & Assessment; Investment Panel	6/6	22/25
Ms K Wells	2 Oct 2019		3 Jul 2020		Student Member	Teaching, Learning & Assessment	N/A	N/A
Mr K Wilson	1 Apr 2008	1 Aug 2019	31 Dec 2020		External Member	Audit (Chair); Search & Governance; Chairs' Standing Committee	5/6	11/13

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

MEMBERS WHO SERVED ON THE CORPORATION DURING THE YEAR COMMENCING 1 AUGUST 2018 AND UP TO THE DATE OF SIGNATURE OF THIS REPORT ARE LISTED BELOW

Name	Date of First Appointment	Date of Latest Appointment	Term of Office	Date of Resignation	Status	Committees Served	Corporation Meetings Attended in 2018/19	Total Meetings Attended in 2018/19
Mrs E Winsor (Chair of Corporation)	14 Mar 2001	1 Aug 2016	31 Jul 2019	29 June 2019	External Member	Finance & General Purposes; Search & Governance (Chair); Teaching, Learning & Assessment; Chairs' Standing Committee; Investment Panel	4/5	19/20
Mrs J Woodhouse	9 Dec 2015		31 Jul 2019		External Member	Teaching, Learning & Assessment	3/6	3/11
Mr A Young *	1 Aug 2016		31 Jul 2020		External Member	Finance & General Purposes; Investment Panel	1/1	4/4
Mrs A Winter is Clerk to the Corporation								
*Governor Sabbatical from 1 Dec 2018 – 30 Nov 2019								

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

The Corporation consists of seventeen members (with the flexibility to vary the membership from a minimum of fifteen to a maximum of twenty-five governors) and includes the Accounting Officer, a staff member, three students and at least eleven external members. The Search and Governance Committee has established clear rules for the appointment and re-appointment of governors and is responsible for monitoring the membership of the governing body and its committees; for recruiting, selecting and recommending the appointment and re-appointment of members; and for the succession planning of governors and the Chair of the Corporation as well as the Chairs of the committees.

The Committee meets once each term and reports formally to the Corporation annually. The Committee regularly reviews the overall profile of the governing body, length of service of governors and the skills and experience offered. The Committee is committed to increasing the diversity of the Corporation to broaden the perspective of the boardroom and to include representation from across the local community. The Committee recognises the value of refreshing the membership and actively plans for succession to ensure an appropriate turnover to bring in new ideas whilst ensuring continuity and maintaining the necessary range of skills and experience to operate effectively.

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with the 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 quarterly.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and General Purposes, Teaching Learning and Assessment, Employment Policy, Remuneration, Audit, and Search and Governance. There is also a Chairs' Standing Committee. Full minutes of all meetings, except those deemed confidential by the Corporation, are available from the Clerk to the Corporation at: Truro and Penwith College, College Road, Truro, TR1 3XX. They are also available on the College website at www.truro-penwith.ac.uk.

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

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

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

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

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

Appointments to the Corporation

All new appointments to the Corporation are a matter for approval of the Corporation as a whole. The Corporation has a nominations committee (Search and Governance Committee) which is comprised of the Chair and Vice-Chair of the Corporation, the Chairs of the respective Standing Committees and the Accounting Officer, and is responsible for considering nominations and making recommendation to the Corporation. The Corporation is responsible for ensuring that appropriate training and development is provided as required.

Members of the Corporation are appointed for a term of office not exceeding 4 years.

Records of Governors' attendance are maintained and are monitored by the Search and Governance Committee.

Corporation Performance

The Corporation carries out a self-assessment of its performance bi-annually. The latest self-assessment concluded its performance was "outstanding" on the Ofsted scale.

Remuneration Committee

Throughout the year ended 31 July 2019, the College's Remuneration Committee comprised four members, being the Chairs of the Teaching Learning and Assessment, Employment Policy, Finance and General Purposes Committees and one other governor. The Committee's responsibilities are to make recommendations to the Chair of the Board on the remuneration and benefits, and other conditions of service, of the Accounting Officer and other Key management personnel, and to determine the remuneration of the Clerk.

Details of remuneration for the year ended 31 July 2019 are set out in note 7 to the Financial Statements.

Audit Committee

The Audit Committee comprises four members of the Corporation (excluding the Accounting Officer and the Chair), who may not be members of the Finance and General Purposes Committee simultaneously, and up to two non-corporation members, one of whom is a co-opted audit specialist. The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

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

The College's internal auditors review the systems of internal control 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 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 external auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

Internal Control

Scope of Responsibility

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

The Corporation has delegated the day to day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the funding bodies.

He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2019 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 College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2019 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;
- The adoption of formal project management disciplines, where appropriate.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At least annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

- The work of the internal auditors;
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework;
- Comments made by the College's financial statements auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor and other sources of assurance. 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 its 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 improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and Audit Committee. The emphasis is on obtaining the relevant degree of assurance, not merely reporting by exception. At its June meeting, the Corporation carried out the annual assessment for the year ended 31 July 2019 by considering documentation from the Senior Management Team and the Audit Committee.

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

Approved by order of the members of the Corporation on 11 December 2019 and signed on its behalf by:

Signature Robert S. Crossland
Robert Crossland, Chair

David Walrond
David Walrond, Accounting Officer

Date 11 Dec 2019

Date 11 Dec 2019

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Financial Memorandum agreed between the Education and Skills Funding Agency and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice - Accounting for Further and Higher Education, and with the Accounts Direction for 2018 to 2019 issued by the Education and Skills Funding Agency, and the UK's Generally Accepted Accounting Practice and which give a true and fair view of the state of affairs of the College and its surplus / deficit of income over expenditure for that period.

In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

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

The Corporation is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation including the Further and Higher Education act 1992 and Charities Act 2011, and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Approved by order of the members of the Corporation on 11 December 2019 and signed on its behalf by:


Robert Crossland, Chair

Date: 11 Dec 2019

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF TRURO AND PENWITH COLLEGE

Opinion

We have audited the financial statements of Truro and Penwith College (the 'Corporation') for the year ended 31 July 2019 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP) and the College Accounts Direction for 2018 to 2019.

In our opinion the financial statements:

- give a true and fair view of the state of the Corporation's affairs as at 31 July 2019, and of the College's deficit of expenditure over income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 2015 FE HE SORP and the College Accounts Direction for 2018 to 2019.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporation has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Corporation's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF TRURO AND PENWITH COLLEGE (CONTD)

Other Information

The Corporation is responsible for the other information. The other information comprises the information included in the Corporation's Strategic Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- all the information and explanations required for the audit were not received; or

Responsibilities of Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 22, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation 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 Corporation'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 intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF TRURO AND PENWITH COLLEGE (CONTD)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of Our Report

This report is made solely to the Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation and the Corporation's members as a body, for our audit work, for this report, or for the opinions we have formed.



BISHOP FLEMING LLP

Chartered Accountants

Statutory Auditors

Chy Nyverow

Newham Road

Truro

Cornwall

TR1 2DP

Date: 16/12/2019

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF TRURO AND PENWITH COLLEGE AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT FOR EDUCATION ("THE DEPARTMENT")

In accordance with the terms of our engagement letter dated 18 June 2019 and further to the requirements of the financial memorandum with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Truro and Penwith College during the period 1 August 2018 to 31 July 2019 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Code of Practice ("the Code") issued by the Department. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Department has other assurance arrangements in place.

This report is made solely to the Corporation of Truro and Penwith College and the Department in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Truro and Penwith College and the Department those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of Truro and Penwith College and the Department for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Truro and Penwith College and the Reporting Accountant

The Corporation of Truro and Penwith College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code of Practice issued by the Department. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the College's income and expenditure.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF TRURO AND PENWITH COLLEGE AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT FOR EDUCATION ("THE DEPARTMENT") (CONTD)

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across the College's activities;
- Evaluation and validation of the processes and controls in place to ensure regularity and propriety for the use of public funds, including the consideration of the College's self-assessment questionnaire (SAQ);
- Sample testing of income and expenditure to ensure that funds have been applied for the purposes that they were awarded, focussed on areas assessed as higher risk.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

 Date: 16/12/19

BISHOP FLEMING LLP
CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS
Chy Nyverow
Newham Road
Truro
TR1 2DP

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
For the year ended 31 July 2019

	Notes	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Income			
Funding Body Grants	2	27,397	28,201
Tuition fees and education contracts	3	8,446	8,902
Other grants and contracts	4	2,493	1,757
Other income	5	2,551	3,216
Investment income	6	436	366
Total income		41,323	42,442
Expenditure			
Staff costs	7	29,969	30,778
Other operating expenses	8	9,959	9,978
Depreciation	10	3,140	3,203
Interest payable	9	324	372
Total expenditure		43,392	44,331
Deficit before other losses and gains		(2,069)	(1,889)
Gain on disposal of assets		97	27
Gain on investments		261	336
Deficit before tax		(1,711)	(1,526)
Taxation		-	-
Actuarial (Loss)/Gain in respect of Pension Schemes	19	(3,014)	3,865
Total Comprehensive (Loss)/Income for the year		(4,725)	2,339
Represented by:			
Restricted comprehensive income		0	0
Unrestricted comprehensive income		(4,725)	2,339
		(4,725)	2,339

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

STATEMENT OF CHANGES IN RESERVES
For the year ended 31 July 2019

	Income and Expenditure Account £'000	Revaluation Reserve £'000	Restricted Reserve £'000	Total £'000
Balance at 31 July 2018	54,404	1,965	200	56,569
Deficit from the income and expenditure account	(1,711)	-	-	(1,711)
Other comprehensive loss	(3,014)	-	-	(3,014)
Transfers between revaluation and income and expenditure reserves	59	(59)	-	-
Transfers between income and expenditure and restricted reserves	-	-	-	-
Balance at 31 July 2019	49,738	1,906	200	51,844


BALANCE SHEET
As at 31 July 2019

	Notes	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Non current assets			
Tangible assets	10	82,812	83,693
Financial assets	11	13,692	13,001
		<u>96,504</u>	<u>96,694</u>
Current assets			
Stock		64	68
Trade and other receivables	12	1,546	1,253
Investments	13	4,500	4,500
Cash and cash equivalents	17	5,268	7,452
		<u>11,378</u>	<u>13,273</u>
Less: Creditors - amounts falling due within one year	14	<u>(7,685)</u>	<u>(8,038)</u>
Net current assets		<u>3,693</u>	<u>5,235</u>
Total assets less current liabilities		100,197	101,929
Creditors: amounts falling due after more than one year	15	(32,830)	(34,326)
Provisions			
Defined benefit obligations	16	(15,523)	(11,034)
Other provisions		-	-
		<u>-</u>	<u>-</u>
Total net assets		<u>51,844</u>	<u>56,569</u>
Restricted reserves			
Non-Government Capital Grants		200	200
		<u>200</u>	<u>200</u>
Total Restricted reserves		<u>200</u>	<u>200</u>
Unrestricted reserves			
Income and expenditure account		49,738	54,404
Revaluation reserve		1,906	1,965
		<u>51,644</u>	<u>56,369</u>
Total unrestricted reserves		<u>51,644</u>	<u>56,369</u>
Total reserves		<u>51,844</u>	<u>56,569</u>

The financial statements on pages 28-50 were approved by the Corporation on 11 December 2019 and were signed on its behalf by:



Robert Crossland, Chair



David Walrond, Accounting Officer

STATEMENT OF CASH FLOWS
For the year ended 31 July 2019

		Yr ended 31 Jul 19	Yr ended 31 Jul 18
	Notes	£'000	£'000
Cash flow from operating activities			
Deficit for the year		(1,711)	(1,526)
Adjustment for non-cash items			
Depreciation		3,140	3,203
Decrease in stocks		4	8
Increase in debtors		(293)	(200)
Increase/(decrease) in creditors due within one year		(353)	1,764
Decrease in creditors due after one year		(1,496)	(22,639)
Increase/(decrease) in provisions		-	-
Gain on investments		(261)	(336)
Pensions costs less contributions payable		1,475	1,818
Taxation		-	-
Adjustment for investing or financing activities			
Investment income		(436)	(366)
Interest payable		-	-
Taxation paid		-	-
Profit on sale of fixed assets		(12)	(7)
Net cash flow from operating activities		57	(18,281)
Cash flows from investing activities			
Proceeds from sale of fixed assets		14	24,508
Disposal of non-current asset investments		996	372
Investment income		436	366
Withdrawal of deposits		-	9,750
New deposits		-	-
Payments made to acquire non-current investments		(1,426)	(3,659)
Payments made to acquire fixed assets		(2,261)	(8,782)
		(2,241)	22,555
Cash flows from financing activities			
Interest paid		-	-
Increase / (decrease) in cash and cash equivalents in the year		(2,184)	4,274
Cash and cash equivalents at beginning of the year	17	7,452	3,178
Cash and cash equivalents at end of the year	17	<u>5,268</u>	<u>7,452</u>

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF PRINCIPAL 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 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2018 to 2019* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of Accounting

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

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. The College has significant reserves and no borrowings and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Basis of Consolidation

The financial statements include the activities of the College only, as the College does not have any subsidiaries. All financial statements are made up to 31 July.

In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities.

The College is the responsible body for the Cornwall School Centred Initial Teacher Training programme (Cornwall SCITT). Cornwall SCITT is managed independently from the College and its results have not been consolidated into the group accounts, although details of its results are published in note 23.

Recognition of Income

Revenue Grant Funding

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

The recurrent grant from the OFS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income. Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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

Capital Grant Funding

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

Fee Income

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

Investment Income

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

Agency Arrangements

The College acts as an agent in the collection and disbursement of certain 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 this transaction.

Maintenance of Premises

The College has a ten-year rolling long-term maintenance plan, which forms the basis of the ongoing maintenance of the estate. The cost of long term and routine corrective maintenance is charged to the income and expenditure account as incurred.

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.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

Cornwall Local Government Pension Scheme (LGPS)

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

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

Short term Employment benefits

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

Enhanced Pensions

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

Non-current Assets - Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

a. Land and Buildings

The College's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings inherited from the Local Education Authority (LEA) are stated in the balance sheet at valuation on the basis of depreciated replacement cost. Other land and buildings are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful economic life to the institution of 50 years.

Improvements to buildings are depreciated over their expected useful economic life to the institution of 10 years.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

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

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

Subsequent expenditure on existing fixed assets:

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

b. Equipment

All furniture and equipment costing more than £100 per item, and when grouped totals more than £1,000, is capitalised. All purchases below this level are written off to the income and expenditure account in the year of acquisition. Capitalised equipment is depreciated on a straight line basis over its useful economic life as follows:

Computer equipment	3 years
Motor vehicles and general equipment	5 years
Furniture	8 years

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

Leased Assets

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

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

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

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

Investments

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

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.

Stocks

Stocks are stated at the lower of their cost and net realisable value and consists of items for the Refectory and Shop. Where necessary, provision is made for obsolete slow moving and defective stocks.

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 1% of 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.

Provisions and Contingent Liabilities

Provisions are recognised when

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

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

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year, with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

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 account and are shown separately in note 22, except for 5% of the grant received, which is available to the College to cover administration costs relating to the grant.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the College'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, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- 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 19, 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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

2. Funding Body Grants

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Recurrent Grants		
Education and Skills Funding Agency - adult	746	805
Education and Skills Funding Agency - 16-18	23,656	24,684
Education and Skills Funding Agency - apprenticeships	2,057	1,580
Office for Students	(123)	57
Specific Grants		
Releases of Government Capital Grants	1,061	1,075
Total	27,397	28,201

3. Tuition fees and Education Contracts

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Adult education fees	880	883
Apprenticeship fees and contracts	83	106
Fees for FE loan supported courses	590	581
Fees for HE loan supported courses	4,553	4,954
International students fees	6	-
Total tuition fees	6,112	6,524
Education contracts	2,334	2,378
Total	8,446	8,902

4. Other Grants and Contracts

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
European Commission income	1,060	735
Other grants and contracts	1,433	1,022
Total	2,493	1,757

5. Other Income

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Catering and residences	157	819
Other income generating activities	348	369
Miscellaneous Income	2,046	2,028
Total	2,551	3,216

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

6. Investment Income

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Other investment income	344	266
Other interest receivable	92	100
Total	436	366

7. Staff Costs

The average monthly number of persons (including Key management personnel) employed by the College during the year, expressed as full-time equivalents, was:

	Yr ended 31 Jul 19	Yr ended 31 Jul 18
Teaching staff	424	431
Non teaching staff	434	445
	858	876

Staff costs for the above persons:	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Wages and salaries	22,940	23,648
Social Security costs	1,842	1,945
Restructuring costs (contractual)	484	140
Other pension costs (including FRS 102 adjustment of £1,151,000 – 2018 £1,446,000)	4,703	5,045
Total	29,969	30,778

Key Management Personnel

Key management personnel are defined as the Principal and holders of the other senior posts whom the governing body have selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff.

Key management personnel for the College are the Accounting Officer, the Director of Finance, the Director of Studies, the Director of Curriculum, the Director of Teaching and Learning, the Director of Quality, the Director of Operations and the Director of Penwith College. In January 2019 the Director of Finance retired and was replaced by an Acting Director of Finance who remained in post until the end of the year. A new Director of Quality was appointed on 1 July 2019 as the existing postholder was set to retire during the following autumn term. The Director of Curriculum was also the Accounting Officer for Callywith College (see note 25) and only 20% of his salary was paid by Truro and Penwith College. This reflected the split of his roles at each college.

No payments were made to key management personnel as compensation for loss of office during the year ended 31 July 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

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

	Numbers 2019	Numbers 2018
£5,000 - £10,000	1	-
£35,000 - £40,000	1	-
£50,001 - £60,000	1	-
£60,001 - £70,000	1	1
£70,001 - £80,000	1	-
£80,001 - £90,000	2	3
£90,001 - £100,000	2	2
£110,001 - £120,000	-	1
£150,001 - £160,000	1	1
	10	8

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Key management personnel emoluments are made up as follows:		
Basic Salary	750	784
Benefits in kind	-	-
Pension contributions	121	131
Total emoluments	871	915

The above compensation includes amounts paid to the Principal and Chief Executive who is the accounting officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Salary	157	157
Benefits in kind	-	-
	157	157
Pension contributions	26	26

The governing body has adopted AoC's Senior Staff Remuneration Code in March 2019 and will assess pay in line with its principles in future.

The remuneration package of Key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of Governing Body, who undertakes an annual review of his performance against the college's overall objectives using both qualitative and quantitative measures of performance.

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

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

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Principal's basic salary as a multiple of the median of all staff	6.5	6.5
Principal and CEO's total remuneration as a multiple of the median of all staff	6.4	6.4

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

8. Other Operating Expenses

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Teaching costs	4,069	3,940
Non teaching costs	3,066	3,334
Premises Costs	2,824	2,704
Total	9,959	9,978

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Other operating expenses include:		
Auditors' remuneration		
- internal audit	7	7
- financial statements audit	18	20
- other services provided by the external auditors	4	1

9. Interest Payable

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Pension finance costs (note 19)	324	372
Total	324	372

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

10. Tangible Fixed Assets

	Land and Buildings Freehold £'000	Equipment £'000	Assets in the course of construction £'000	TOTAL £'000
Cost or valuation				
At 1 August 2018	110,033	15,048	-	125,081
Additions	1,432	829	-	2,261
Disposals	-	65	-	65
At 31 July 2019	111,465	15,812	-	127,277
Depreciation				
At 1 August 2018	27,629	13,759	-	41,388
Charge for year	2,569	571	-	3,140
Elimination in respect of disposals	-	62	-	62
At 31 July 2019	30,198	14,267	-	44,465
Net book value at 31 July 2019	81,267	1,545	-	82,812
Net book value at 31 July 2018	82,404	1,289	-	83,693

Inherited land and buildings were valued for the purpose of the 1995 financial statements at depreciated replacement cost by the Chief Land Agent and Valuer of the County Council. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis. The value of these assets is not considered to have changed.

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

Cost	£'000s
Aggregate depreciation based on cost	-
Net book value based on cost	-
	<u>-</u>
	<u><u>-</u></u>

11. Non-Current Investments

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Financial Assets	13,692	13,001

Fluctuations in the fair value of investments are recognised as a charge to equity through income and expenditure.

12. Debtors

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Amounts falling due within one year:		
Trade receivables	646	803
Prepayments and accrued income	900	450
Total	1,546	1,253

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

13. Current Investments

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Monies invested short term on the money market	4,500	4,500

14. Creditors: Amounts falling due within one year

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Trade Creditors	2,030	607
Taxation and pension contributions	1,164	1,092
Accruals	2,103	2,871
Payments received in advance	885	1,245
Deferred income – government capital grants	1,049	1,049
Amounts owed to Funding Bodies	454	1,174
Total	7,685	8,038

15. Creditors: Amounts falling due after more than one year

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Deferred Capital Grant	32,567	34,051
Other Deferred Income	263	275
Total	32,830	34,326

16. Provisions for Liabilities and Charges

	Defined Benefit Obligations £'000	Other Provisions £' 000	Total £'000
At 1 August 2018	11,034	-	11,034
Expenditure in the period	4,489	-	4,489
At 31 July 2019	15,523	-	15,523

17. Cash and Cash Equivalents

	1 Aug 18 £'000	Cash Flow £'000s	31 Jul 19 £'000
Cash in hand at Bank	7,452	(2,184)	5,268
Total	7,452	(2,184)	5,268

18. Capital and Other Commitments

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Commitments contracted for but not provided at 31 July:	157	907
Authorised but not contracted for at 31 July:	6,907	2,000
	7,064	2,907

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

19. 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 Cornwall Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Cornwall Council. Both are multi-employer defined-benefit plans.

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

Total pension cost for the year	Year ended 31 Jul 19 £'000	Year ended 31 Jul 18 £'000
Teachers Pension Scheme:		
Contributions paid	1,851	1,976
Local Government Pension Scheme:		
Contributions payable	1,701	1,623
FRS 102 (28) charge	<u>1,151</u>	<u>1,446</u>
Charge to the Income and Expenditure Account (staff costs)	2,852	3,069
Total pension cost for year	<u>4,703</u>	<u>5,045</u>

Contributions amounting to £619,000 (2018: £582,000) were payable to the above schemes at 31 July 2019 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, colleges and other educational establishments. 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.

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

Valuation of the Teachers' Pension Scheme

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 in April 2019. The valuation

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

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% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location: <https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

The pension costs paid to TPS in the year amounted to £1,851,000 (2018: £1,976,000)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Cornwall Pension Fund.

The total contributions made for the year ended 31 July 2019 were £2,100,000 of which employers' contributions totalled £1,701,000 and employees' contributions totalled £436,000. Employer's contribution rates were 18.4% for the College as the employer and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

Principal Financial Assumptions:

The following information is based on a full actuarial valuation of the Fund at 31 March 2016, updated to 31 July 2019 by a qualified independent actuary.

	At 31 July 2019	At 31 July 2018
Salary Increase Rate	2.5%	2.5%
Pension Increase Rate (CPI)	2.4%	2.4%
Discount rate	2.1%	2.8%

Mortality

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 2019	At 31 July 2018
<i>Retiring today</i>		
Males	21.1	22.1
Females	23.6	24.5
<i>Retiring in 20 years</i>		
Males	22.3	24.0
Females	25.0	26.4

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 July 2019	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	12%	6,939
0.5% increase in the Salary increase Rate	1%	750
0.5% increase in the Pension Increase Rate	10%	6,081

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

	Long-term rate of return expected 31 July 2019 % per annum	Value at 31 July 2019 £'000	Long-term rate of return expected 31 July 2018 % per annum	Value at 31 July 2018 £'000	Long-term rate of return expected 31 July 2017 % per annum	Value at 31 July 2017 £'000
Equities	2.2%	22,441	2.8%	16,742	2.7%	14,879
Bonds	2.2%	15,097	2.8%	15,673	2.7%	13,613
Property	2.2%	2,856	2.8%	2,850	2.7%	2,216
Cash	2.2%	408	2.8%	356	2.7%	950
Total Market Value of Assets		40,802		35,621		31,658
Present value of scheme liabilities		(56,325)		(46,655)		(44,739)
Surplus/(deficit) in the scheme		(15,523)		(11,034)		(13,081)

The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	Year ended 31 Jul 19 £'000	Year ended 31 Jul 18 £'000
Fair value of plan assets	40,802	35,621
Present value of plan liabilities	(56,325)	(46,655)
Net pensions liability (Note 16)	(15,523)	(11,034)

Amounts included in staff costs

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Current service cost	2,749	3,038
Past service cost	66	31
Total	2,815	3,069

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

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

Amount recognised in Other Comprehensive income

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Return on pension plan assets	2,793	1,704
Experience gains arising on defined benefit obligations	-	-
Change in assumptions underlying the present value of plan liabilities	(5,807)	2,161
Amount recognised in Other Comprehensive Income	(3,014)	3,865

Movement in net defined benefit liability during year

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £' 000
Net defined liability in scheme at 1 August	(11,034)	(13,081)
Movement in year:		
Current service cost	(2,749)	(3,038)
Employer contributions	1,664	1,623
Past service cost	(66)	(31)
Net interest on the defined liability	(324)	(372)
Actuarial gain or loss	(3,014)	3,865
Net defined liability at 31 July	(15,523)	(11,034)

Changes in the present value of defined benefit obligations

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Defined benefit obligations at start of period	46,655	44,739
Current service cost	2,749	3,038
Interest cost	1,340	1,245
Contributions by scheme participants	436	448
Experience gains and losses on defined benefit obligations	-	-
Changes in financial assumptions	8,838	(2,161)
Changes in demographic assumptions	(3,031)	-
Estimated benefits paid	(728)	(685)
Past Service cost	66	31
Defined benefit obligations at end of period	56,325	46,655

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

Changes in fair value of plan assets

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £'000
Fair value of plan assets at start of period	35,621	31,658
Interest on plan assets	1,016	873
Return on plan assets	2,793	1,704
Employer contributions	1,664	1,623
Contributions by Scheme participants	436	448
Estimated benefits paid	(728)	(685)
Fair value of plan assets at end of period	40,802	35,621

These accounts show a past service cost of £230 million in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 March 2019. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.

20. Related Party Transactions

Due to the nature of the College's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. See notes 22 - 25 for details of related party transactions and balances.

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

21. Amounts Disbursed as Agent

Learner Support Funds

	Yr ended 31 Jul 19 £'000	Yr ended 31 Jul 18 £ '000
Funding body grants – discretionary learner support	1,044	1,077
Funding body grants – residential bursaries	7	7
Other Funding bodies grants	-	-
Interest earned	1	1
	<hr/>	<hr/>
	1,052	1,085
Disbursed to students	(1,233)	(1,295)
Administration costs	(9)	(12)
	<hr/>	<hr/>
Balance under/(over)spent as at 31 July 2019	(190)	(222)

Funding body grants are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

22. Truro and Penwith College Trust Fund

A separate charity, registered with the Charities Commission, raises money to help students of Truro and Penwith College by providing support towards the cost of educational trips, equipment and living costs.

The charity has 3 trustees: the Accounting Officer, the Chair of Governors and one other Governor.

The charity produces separate accounts, which show that at 31 July 2019 it has unrestricted reserves of £74,927 and restricted reserves of £21,098 with expenditure totalling £28,422 for the period. During the period the College received some donations on behalf of the Trust Fund and also made some payments on behalf of the Trust Fund, resulting in a balance of £4,708 owed to the College at 31 July 2019. Consolidated accounts have not been prepared on the grounds of materiality.

23. Cornwall SCITT

The College is the responsible body for the Cornwall School Centred Initial Teacher Training programme (Cornwall SCITT). Separate bank accounts are maintained and financial statements submitted to the National College for Teaching & Leadership in the format prescribed by them. Cornwall SCITT is a consortium of up to 85 local nursery, primary and secondary schools including a Special School MAT and Truro and Penwith College offering training for the 3-11 and 11-16 age range with post 16 enhancements. Cornwall SCITT is managed independently from the College and its results have not been consolidated.

During 2018/19 the College recharged staff and other costs incurred on behalf of Cornwall SCITT totalling £651,287.

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

The summarised results of Cornwall SCITT for the year ended 31 July 2019 are:

	Year ended 31 Jul 19 £'000	Year ended 31 Jul 18 £'000
Total Income including student bursaries	1,699	1,696
Total Expenditure including student bursaries	1,654	1,609
Surplus	44	87
Cash Deposits	612	659
Debtors	5	1
Current Liabilities	(50)	(137)
Net Assets	567	523
Funded by:		
General Reserve	567	523
	567	523

24. Truro and Penwith Academy Trust

The College has been instrumental in setting up Truro and Penwith Academy Trust, a multi academy trust which sponsors and supports primary and secondary schools in Cornwall. Truro and Penwith Academy Trust is a company limited by guarantee and has been established as an independent entity. The Trust has entered into a funding agreement with the Education and Skills Funding Agency and is required to submit financial statements to the ESFA in the format prescribed by them. The terms of the funding agreement ensure that the College does not exercise control over the Trust and therefore its results have not been consolidated. The Trust will publish its annual accounts on its website during January 2020 (<http://tpact.org>).

The support provided to the Trust by the College is at arm's length and in accordance with the College's financial procedures. During 2018/19 the College recharged staff and other costs incurred on behalf of the Trust totalling £122,411. At the year-end £5,675 was due to the College from the Trust.

25. Callywith College Trust

The College has been instrumental in setting up Callywith College Trust, a tertiary college in the east of the county which opened its doors to students for the first time in September 2017. Callywith College Trust is a company limited by guarantee and has been established as an independent entity. The Trust entered into a funding agreement with the Education and Skills Funding Agency in 2017 and is required to submit financial statements to the ESFA in the format prescribed by them. The terms of the funding agreement ensure that the College does not exercise control over the Trust and therefore its results have not been consolidated. The Trust will publish its annual accounts on its website during January 2018 (<http://www.callywith.ac.uk>).

The support provided to the Trust by the College is at arm's length and in accordance with the College's financial procedures. During 2018/19 the College recharged staff and other costs incurred on behalf of the Trust totalling £196,217. In addition to this the College charged £75,000 in respect of its provision of cross college support to the Trust. The college made this charge at cost and did not make a profit from the transaction. At the year-end £474,151 was due to the College from the Trust.

