



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

**FOR YEAR ENDED
31 July 2020**



**PENWITH
COLLEGE**



TRURO AND PENWITH COLLEGE

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 July 2020

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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 2019/20:

David Walrond – Principal and CEO; Accounting officer (retired 31 August 2020)

Mark Arnold – Director of Quality (retired 27 September 2019)

Lowenna Bradley – Director of Quality

Jane Cashmore – Director of Operations

Scott Cryer – Director of Finance and Administration (appointed 19 August 2019)

Cheryl Mewton – Director of Studies

Andy Stittle - Director of Partnerships

Martin Tucker – Director of Penwith College, (Acting Principal and CEO; Accounting Officer from 27 February 2020)

Board of Governors

A full list of Governors is given on pages 16-18 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 2020.

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 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 16 to 18.

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 period 2016/17 to 2019/20. 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 – 2019/20

The College was mostly successful in 2019/20 in meeting the objectives for the year, despite the significant disruption caused by measures taken to mitigate against the threats from Coronavirus:

- The total number of FT 16-18 students remained stable.
- HE enrolments were better than expected at Level 4, although we saw a compensating fall in Level 6 recruitment.
- 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. However, business activity declined rapidly in the final third of the year due to the lockdowns implemented as a result of Coronavirus. This has led to a decrease in Apprenticeship starts at the end of 19/20 and the start of 20/21.
- Investment has continued in the College's capital development.
- Excellent levels of achievement were maintained (see further details below). Due to the Coronavirus pandemic students grades this year were Centre Assessed rather than externally assessed.
- 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 2018/19 during the period prior to the Covid-19 pandemic.

Resources

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

The College employs 823 people (expressed as full-time equivalents), of whom 397 are teaching staff. Support staff numbers include 122 Learning Support Assistants who provide 1:1 support for students in the college's large Foundation Learning provision.

During the year ended 31 July 2020 the College enrolled approximately 10,200 students. The college's student population includes 5,000 16-to-18-year-old students, 400 apprentices, 500 higher education students and 4,300 adult learners.

The College has £44.4 million of net assets (including £22.6 million pension liability) and does not have any debts. Tangible resources include all college sites and equipment with a current net book value of £83.1 million including the infrastructure and land at Callywith College, Financial Investments valued at £13.3 million and short term cash deposits of £3.0 million as at 31 July 2020.

STRATEGIC REPORT (CONTINUED)

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 the DfE in September 2019. This provides funding of £2 million towards a £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.

Stakeholders

The College has many stakeholders including:

- Its current, future and past students
- Staff
- Parents
- Cornwall SCITT – Note 25 to the Financial Statements
- Truro and Penwith Academy Trust – Note 26 to the Financial Statements
- Callywith College Trust – Note 27 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 £23,000 (2018/19 – deficit of £535,000) 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 30 of the Financial Statements. The table below sets out these adjustments and reconciles total comprehensive income to the operating surplus.

STRATEGIC REPORT (CONTINUED)

	Yr Ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Total Comprehensive Income and Expenditure	(7,439)	(4,725)
Actuarial Loss/(Gain) in respect of Pension Schemes	5,667	3,014
Surplus/(Deficit) before tax	(1,772)	(1,711)
Loss/(Gain) on Investments	1,166	(261)
Gain on Disposal of Assets	(912)	(97)
Deficit before other losses and gains	(1,518)	(2,069)
FRS 102 adjustments to Staff Costs in respect of Pension Schemes	1,098	1,151
FRS 102 adjustments to Interest Payable in respect of Pension Schemes	338	324
Transfers from Revaluation Reserve	59	59
Underlying Operating Deficit	(23)	(535)

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 £3,608,000. This related to equipment purchases of £694,000, building developments on the existing campuses at Truro and Penwith College of £639,000, works and fees in relation to the construction of the South West Institute of Technology building of £2,275,000.

Reserves

The College has accumulated reserves of £44,405,000 and cash and investment balances of £22,170,000.

Sources of Income

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. For 2019/20 the various funding streams from the ESFA and the OFS totalled £26,464,000 which represented 66% 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 24 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

STRATEGIC REPORT (CONTINUED)

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 expected to be assessed by the ESFA as having an "Outstanding" financial health grading. This is considered an exceptional outcome in view of reduced funding throughout the sector.

FUTURE PROSPECTS

Financial plan

The College governors approved a financial plan in January 2020 which sets objectives for the period to 2022 and projected operating surpluses of between £900,000 and £1,000,000 per annum for the years 2020/21 and 2021/22 respectively, which if achieved would result in an outstanding financial health grading for each of the next two years. These objectives were set in the early stages of the Coronavirus lockdown. They are subject to a higher than usual degree of uncertainty and will be influenced by any future Coronavirus measures including those that suppress educational activity as well as those that affect the health of the wider economy and government finances.

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 £3,172,000 (2018/19 underlying inflow of £57,000) for the year, which remained strong in the current climate of reduced public funding and the Covid-19 pandemic.

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 £42,358,000 (2019: £49,738,000), with the change being wholly as a result of the change to the LGPS valuation. It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

STRATEGIC REPORT (CONTINUED)

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 2019/20 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.

With the cancellation of exams due to the Covid-19 pandemic, the majority of learners gained their qualifications through a Centre Assessed Grade (CAG) process which was carried out in a robust manner in accordance with Ofqual criteria. Due consideration was taken of historical performance of the courses at the college in terms of high grade achievement and value added that students make, to ensure that the CAGs reflected the high achievement and progress of previous years, which has kept it near the top nationally on all measures.

GCE Advanced Level

- At GCE A Level, students achieved a 99.9% pass rate at grades A – E, the highest percentage ever achieved by the College
- 100% pass rate recorded in 40 subjects out of a total of 41 subjects taken.
- Qualification Achievement Rate for over 1,900 leavers is 98.6%.
- 75% of completers achieved high grades (A*-B) (10% above the national average), and the highest achieved by the College, with 159 students achieving three or more grade A or A*.
- The value added Advanced Level Performance System (ALPS) score calculate for CAGs prior to results would place the College in the top 10% of providers.

International Baccalaureate (IB)

There were 312 subject entries for the IB, with an average points achievement per candidate of 38 (2 points higher than previous year). 28% of the cohort gained 40 points or above (equal to last year’s performance and 18% higher than the global average). 97% of students gained 30+ points (equivalent to 144 UCAS pts or AAA for A Level).

STRATEGIC REPORT (CONTINUED)

Vocational Courses

Achievement levels on vocational programmes also remain high. Almost 900 students achieved their L3 Extended Diplomas (equivalent to three A Levels). On BTEC QCF courses 66% of these students gained at least three Distinction grades, the equivalent of three A grades at A level, up 2% from 2018/19. This is against the national average (2019) of 46% for this measure. Of these over 200 students achieved the highest possible grade of Triple Distinction Star. 61 students completed the equivalent RQF qualifications (which include external assessments, some of which were sat and some of which were calculated by BTEC), with 64% achieving DDD or higher, compared with a national average of 38%. All courses have now moved to RQF where the qualifications are available, and achievement on the Foundation Diploma (first year of the RQF course) has also been high with 45% of students achieving D or D* grades, compared with 26% 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 ranging from Art and Design, Humanities, Teaching and Law, Psychology and Social Work to Medicine and Science. 116 students gained their Access to HE diplomas with 84% progressing to universities of their choice, including over 12% who progressed 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 271 awards gained (down 46 on 2018/19): 90 Honours Degrees, 2 Degrees, 125 Foundation Degrees, 17 PGCE/Certificate in Education, 13 HNDs, 4 HNCs, 18 Short Course and 2 CPD certificates. Of these, 24 students achieved Distinctions on their Foundation Degrees/HNDs (17%) and 37 students achieved First Class Honours degrees (41, up 18% on 2018/19).

FUTURE DEVELOPMENT

Curriculum Developments

The Ofsted framework from September 2019 is built around the curriculum intent, implementation, and impact. Increased emphasis is given to an offer which facilitates meaningful progression and embraces wider opportunities to gain employability and personal skills. The college is well placed with its current offer to be responsive to this agenda and indeed, over the last two years, has introduced several curriculum enhancements which align well with this.

The most substantial element (over 90%) of the college curriculum is focused on 16-19-year-old learners which includes around two hundred foundation studies (identified by the AoC as an example of best practice in October 2018) and a small number of 14-16 learners in partnership with local schools. The curriculum is structured with clear progression routes from level 1 to HE, an apprenticeship or employment. Vocational provision forms 50% of total leavers. The college strategy has been to promote equality of opportunity across the county, seeking to increase post-16 participation rates. A key aim of the college as a comprehensive tertiary institution, is to raise the aspirations of its learners and to promote social mobility through very high levels of academic achievement. Cornwall is above the national average in terms of the proportion of young people from workless households and below average in progression to HE. These are long term concerns for the county.

STRATEGIC REPORT (CONTINUED)

The College works closely in Partnership with the LEP and aligns its small adult provision against the Economic Development Strategy for Cornwall and programmes which develop the workforce and create opportunities for employment, especially within the city of Truro as the centre for many key employers. The Covid-19 pandemic has impacted on a number of curriculum modifications for 2020/21 more fully explained under the areas below but including a new build in Bodmin funded by the college and LEP through government funding to support recovery.

Full Time FE Students

The college academic provision is well known and established. The offer is built around 42 A level subjects and a thriving International Baccalaureate all of which reside near the top nationally for quality of delivery and impact. The college has fully transitioned to linear A levels with students generally, now selecting three subjects on entry with a surrounding offer such as directed self-study to ensure preparation for higher education and a range of 34 academies, 9 study plus programmes and a Health Wellbeing and Sport Programme. These encourage skills development and academic excellence through for example, competing in national competitions, confidence through teamwork and numerous activities to support health and wellbeing. During the Covid-19 pandemic the enrichment programme continued and included preparation work for year 11 with over 1000 year 11's accessing the online resources. The 2020/21 curriculum, tutorial programme and IAG are modified for 2020/21 to take account of year 11 skill and knowledge gaps as a result of the pandemic lockdown.

Our wide range of vocational courses, including 67 vocational programmes and 55 apprenticeship programmes, have seen substantial growth and almost all qualifications now comply with the RQF many of which have external assessment at Levels 1, 2 and 3. The range of vocational provision reflects the interests and enthusiasms of students, the acquisition of employability and personal skills for future progression, as well as the requirements of local employers as reflected in the LEP Strategic Economic Plan and the Employment and Skills Strategy refresh for Cornwall. There is major commitment to Foundation Learning providing locally based and accessible curriculum addressing the problems faced by the county for high needs provision which is otherwise frequently distant and residential, generating additional stress for students and families. The Matrix report 2020 noted *"IAG support for students with additional needs and those with EHC plans is extensive and in-depth, reflecting the College's position as the main provider in the county for high needs and PMLD support. Continuous investment in facilities and raising the quality of support results in progression that exceeds parental expectation and commissioners' objectives."*

2020/21 sees the introduction of a newly designed level 2 study programme to facilitate improved progression into further education, employment, or an apprenticeship with an increased emphasis on work skill and personal development.

2019/20 saw the introduction of the first three T level routes which recruited well after extensive engagement and promotion by the college with career and guidance professionals across Cornwall. The college is the only provider west of Exeter and one of only 47 nationally. Combined with the Institute of Technology approval this will create additional pathways to higher level apprenticeships and be responsive to the DfE direction of travel for technical education and training through colleges. A further three pathways will be rolled out in 2021/22 supported by the new capital T level bid, yet to be confirmed at the time of writing, to modify existing buildings in science and construction.

Apprenticeship provision is impacted at the start of 2020/21 by around 25%. Furloughed apprentices continued to be supported and there were notable successes of apprenticeship programmes during the lockdown such as the start of nursing apprenticeship provision for RCHT in June and a full house of distinction grades for Business Admin and Team Leader Apprentices who undertook EPA in lockdown.

STRATEGIC REPORT (CONTINUED)

Adult provision

The College works closely in Partnership with the LEP and aligns its small adult provision against the Economic Development Strategy for Cornwall and programmes which develop the workforce and create opportunities for employment, especially within the city of Truro as the centre for many key employers. The college offers for example professional qualifications which align against the employment demand within the county and is often the only provider to do so.

Higher Education provision

In common with much of the sector HE has seen a decline in the last two years although a slight increase is expected in 2020/21. However, the college is realigning HE provision to be more skills based and responsive to the local need, a major part of which will be the Institute of Technology. This final approval of the Institute of Technology by the Department for Education is excellent news for Cornwall. It will help fund a state-of-the-art new £7 million facility on our Truro campus to provide a range of local progression opportunities into higher education and apprenticeship provision. The design, in partnership with the growing group of engineering and digital businesses in Cornwall, will help meet the local higher skills needs for these important industries, offering well paid careers and making a valuable contribution to local economic growth. Further activity in HE will include the development of higher level and progression routes into nursing in partnership with RCHT and the University of Greenwich.

Bespoke provision

Truro and Penwith College Business provide courses in response to the needs of employers and employees and are committed to developing and expanding such provision further, ensuring we meets the priorities identified by the LEP in the strategic economic plan for Cornwall and particularly the impact of and recovery from the pandemic. Partnerships continue to be developed in a range of sectors including Engineering, Hospitality and Catering and IT. Our offer ranges from specifically designed bespoke training to tailoring existing qualifications to better address employer's needs. In addition, the College is fully engaged with ESF projects totalling over three million pounds. Of these, many engage with employers on skills need and course design through areas which include Engineering, Hospitality, ICT and Construction in addition to other projects that work in wider partnership to reduce NEET and offer career advice and support in health and well-being.

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 2019/20 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

STRATEGIC REPORT (CONTINUED)

continues to give positive results with the college above benchmark in all but one of the 2019 questionnaire response areas or 'scales'. Key questions relating to TEF continue to score well with "teaching on my course" above benchmark, "assessment and feedback" above benchmark and in the top quartile nationally and "academic support" above benchmark.

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 Investors in Diversity was interrupted by Covid-19 and Matrix reaccreditation was awarded in March 2020.

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 2019/20 Foundation Studies provision was highly commended by the AoC.

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.

STRATEGIC REPORT (CONTINUED)

1. Coronavirus

All education providers in the country have been affected by Coronavirus and its consequences. In the financial year covered by this report the College switched at short notice to purely online delivery. Students leaving the college that year received Centre Assessed Grades which were the product of a robust, professional and careful process. Students continuing into the second year of their programme received all of their timetabled lessons through online delivery. Internal processes and external feedback indicate that the College has continued to provide high quality education during last year's period of online learning. All students have returned at the start of the 2020/21 year to in person delivery. The College has implemented measures in line with government guidance in order to maximise the safety of learners and staff while on site. These measures include social distancing measures where possible, enhanced cleaning capacity available to staff and students as well as those services provided by our cleaning contractor, strong advice and requirements where appropriate regarding use of face masks and ventilating internal spaces. The College has also increased its transport capacity to support student safety before and after lessons. The College has had a comparably small number of positive cases and has taken swift and appropriate action in each case in line with government guidance. These processes have been endorsed by external health agencies. The College is ready to move back to widespread on line learning if required over the course of the year.

2. 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.

3. 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.

4. Failure to Constrain Expenditure

Up until 2019/20 Government funding through the Education and Skills Funding Agency (ESFA) has reduced 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.

5. 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.

EQUALITY, DIVERSITY AND INCLUSION

Truro and Penwith College has a commitment to meet the general and specific duties contained in The Equality Act 2010. The College recognises the educational and business benefits of having a diverse community of staff and learners who value inclusion, diversity, one another and contribute to the achievement of the College's mission:

STRATEGIC REPORT (CONTINUED)

'to provide the best possible learning experience leading to the highest possible level of achievement by our students'

The College was reaccruited with the Investors in Diversity Quality Mark in 2017 and ranked within the top 20 of the 600+ organisations involved nationally with the scheme. This demonstrates the College's commitment to an all-encompassing approach to equality, diversity and inclusion.

The College culture seeks to be inclusive and as appropriate providing support to remove barriers to the educational achievement, personal progression and participation of individual learners. The College aims to provide a learning and working environment which values individuals equally and does not disadvantage individuals by discriminating on any grounds including age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex (gender), and sexual orientation.

In the College's earlier individual equality schemes detail was given both on the legislative framework and on the general and specific statutory duties which apply to all public bodies, including tertiary colleges. This policy remains compliant with these duties, which cover race, disability, age and gender, and also encompasses the broader single equality duty covering the protected characteristics.

This Policy sets out the College's equality principles, aims and objectives for the period 2019/2021. The scheme describes how the College will:

- Promote equality of opportunity and avoid discrimination
- Place the advancement of inclusion, equality and diversity at the centre of its work
- Not tolerate harassment, victimisation or discrimination and has procedures in place to deal with such incidents
- Ensure that Truro and Penwith College operates best practice as an employer in pursuit of equality

The central aim of the College's Policy is to require action which will remove any existing barriers to all staff, students, governors and visitors, irrespective of age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex (gender) and sexual orientation.

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	8
FTE employee number	7.8

Percentage of time	Number of employees
0%	0
1-50%	8
51-99%	0
100%	0

STRATEGIC REPORT (CONTINUED)

Total cost of facility time	£13,404
Total pay bill	£28,393,000
Percentage of total bill spent on facility time	0.05%

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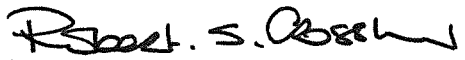
Payment performance

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 2019 to 31 July 2020, the College paid 67.9 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 16 December 2020 and signed on its behalf by:

Signature  Date: 16 December 2020
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 2019 to 31 July 2020 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 2020. 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 2019 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 2019/20	Total Meetings Attended in 2019/20
Mrs K Ashworth	1 Aug 2013	1 Aug 2017	31 Jul 2021		External Member	Employment & Business Policy; Investment Panel	4/4	7/8
Mrs L Batchelor	1 Oct 2012	1 Aug 2020	31 Jul 2024		External Member	Employment & Business Policy; Audit; Teaching, Learning & Assessment; Remuneration (Chair)	4/4	18/19
Mr R Bray	1 Sept 2020		31 Aug 2024		Staff Member	Teaching, Learning & Assessment	N/A	N/A
Mr P Callen	1 Nov 2016	1 Aug 2020	31 Jul 2024		External Member	Finance & General Purposes; Investment Panel	4/4	9/10
Mr D Collins	1 Aug 2017		31 Jul 2021		External Member	Finance & General Purposes	4/4	8/8
Ms K Cook	1 Sept 2020		31 Aug 2024		External Member	Finance & General Purposes	N/A	N/A
Mr M Cooper	22 Nov 2019		31 Jul 2023		External Member	Finance & General Purposes	2/3	4/5
Mr R Crossland (Chair of Corporation)	17 Sep 2003	1 Aug 2017	31 Jul 2021		External Member	Teaching, Learning & Assessment; Remuneration; Employment & Business Policy (Chair); Search & Governance; Chairs' Standing Committee	4/4	14/16
Mrs L Gooding	1 Sept 2020		31 Aug 2024		External Member	Teaching, Learning & Assessment;	N/A	N/A
Mr F Hilsdon	30 Sept 2020		2 Jul 2021		Student Member	Teaching, Learning & Assessment	N/A	N/A
Mr T Hughes	10 Oct 2019		3 Jul 2020		Student Member	Teaching, Learning & Assessment	2/3	2/4

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

MEMBERS WHO SERVED ON THE CORPORATION DURING THE YEAR COMMENCING 1 AUGUST 2019 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 2019/20	Total Meetings Attended in 2019/20
Sir Robert Owen	28 Mar 2018		31 July 2022		External Member	Teaching, Learning & Assessment; Finance & General Purposes	3/4	8/12
Ms S Russell	2 Oct 2019		3 Jul 2020		HE Student Member	Teaching, Learning & Assessment	3/4	6/7
Mrs S Sanderson	1 Aug 2014	1 Aug 2018	31 Jul 2022		External Member	Audit; Teaching, Learning & Assessment	3/4	9/10
Ms E Seward-Adams	1 Oct 2018			28 Feb 2020	Staff Member	Teaching, Learning & Assessment	3/3	5/5
Dr E Sheridan	1 Jan 2007	1 Aug 2018	31 Jul 2022		External Member	Teaching, Learning & Assessment (Chair); Remuneration; Search & Governance; Chairs' Standing Committee	4/4	13/15
Ms D Skinnard	14 Mar 2006	1 Aug 2020	31 Jul 2024		External Member	Employment & Business Policy; Audit Committee	3/4	5/8
Mr R Townsend	1 Aug 2019		31 Jul 2023		External Member	Finance & General Purposes - until July 2020; Audit - from August 2020 (Chair)	4/4	8/9
Ms B Tubb	30 Sept 2020		2 Jul 2021		Student Member	Teaching, Learning & Assessment	N/A	N/A
Mr M Tucker	1 Sept 2020		ongoing		Principal	Finance & General Purposes; Search & Governance; Employment & Business Policy; Chairs' Standing Committee; Teaching, Learning & Assessment; Investment Panel	N/A	N/A
Mr D Walrond	23 Aug 2010			31 Aug 2020	Principal	Finance & General Purposes; Search & Governance; Employment & Business Policy; Chairs' Standing Committee; Teaching, Learning & Assessment; Investment Panel	3/3	17/21

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

MEMBERS WHO SERVED ON THE CORPORATION DURING THE YEAR COMMENCING 1 AUGUST 2019 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 2019/20	Total Meetings Attended in 2019/20
Ms K Wells	2 Oct 2019		3 Jul 2020		Student Member	Teaching, Learning & Assessment	2/4	3/6
Mr K Wilson	1 Apr 2008	1 Aug 2019		31 Jul 2020	External Member	Audit (Chair); Search & Governance; Chairs' Standing Committee	4/4	9/12
Mrs J Woodhouse	9 Dec 2015	1 Aug 2019		31 Jul 2020	External Member	Teaching, Learning & Assessment	0/4	0/8
Mr A Young *	1 Aug 2016	1 Aug 2020	31 Jul 2024		External Member	Finance & General Purposes; Investment Panel	2/3	10/11
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 nineteen 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 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 2020, the College's Remuneration Committee comprised three members, being the Chairs of the Teaching Learning and Assessment and Employment Policy 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 2020 are set out in note 8 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 2020 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 2020 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 2020 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 16 December 2020 and signed on its behalf by:

Signature



Robert Crossland, Chair



Martin Tucker, Accounting Officer

Date

16 December 2020

Date

16 December 2020

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the Financial Memorandum and contracts in place between the College and the Education and Skills Funding Agency. As part of our consideration we have had due regard to the requirements of the Financial Memorandum and contracts with the ESFA.

We confirm, on behalf of the Corporation, that to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's Financial Memorandum and contracts with the ESFA.

We confirm that no instances of material irregularity, impropriety or funding non-compliance discovered to date. If any instances are identified after the date of this statement, these will be notified to the Education and Skills Funding Agency.

Approved by order of the members of the Corporation on 16/December 2020 and signed on its behalf by:

Signature Robert S. Crossland
Robert Crossland, Chair

Martin Tucker
Martin Tucker, Accounting Officer

Date 16 December 2020

Date 16 December 2020

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 2019 Statement of Recommended Practice - Accounting for Further and Higher Education, and with the Accounts Direction for 2019 to 2020 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;
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate; 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 16 December 2020 and signed on its behalf by:



Robert Crossland, Chair

Date: 16 December 2020

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 2020 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 2019 to 2020.

In our opinion the financial statements:

- give a true and fair view of the state of the Corporation's affairs as at 31 July 2020, 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 FE HE SORP, College Accounts Direction 2019 to 2020 and the Office for Students' Accounts Direction.

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.

Opinion on other matters prescribed by the Office for Students' Accounts Direction

In our opinion:

- Funds from whatever source administered by the College for the specific purposes have been applied to those purposes and managed in accordance with relevant legislation; and
- Funds provided by the Office for Students and Research England have been applied in accordance with the relevant terms and conditions and any other terms and conditions attached to them.

We have nothing to report in respect of the following matters in relation to which the Office for Students' Accounts Direction requires us to report to you if, in our opinion:

- the corporation's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or
- the corporation's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 23, 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: 17/12/2020

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

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 2019 to 31 July 2020 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 2019 to 31 July 2020 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.

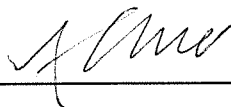
INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY (CONTD)

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 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

 Date: 17/12/2020

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 2020

	Notes	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Income			
Funding Body Grants	2	27,547	27,397
Tuition fees and education contracts	3	7,528	8,446
Other grants and contracts	5	2,572	2,493
Other income	6	2,143	2,551
Investment income	7	305	436
Total income		40,095	41,323
Expenditure			
Staff costs	8	29,492	29,969
Other operating expenses	9	8,425	9,959
Depreciation	12	3,358	3,140
Interest payable	11	338	324
Total expenditure		41,613	43,392
Deficit before other losses and gains		(1,518)	(2,069)
Gain on disposal of assets (Loss)/Gain on investments		912 (1,166)	97 261
Deficit before tax		(1,772)	(1,711)
Taxation		-	-
Actuarial Loss in respect of Pension Schemes	21	(5,667)	(3,014)
Total Comprehensive Loss for the year		(7,439)	(4,725)
Represented by:			
Restricted comprehensive income		0	0
Unrestricted comprehensive income		(7,439)	(4,725)
		(7,439)	(4,725)

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


STATEMENT OF CHANGES IN RESERVES
For the year ended 31 July 2020

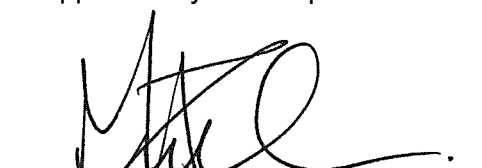
	Income and Expenditure Account £'000	Revaluation Reserve £'000	Restricted Reserve £'000	Total £'000
Balance at 31 July 2019	49,738	1,906	200	51,844
Deficit from the income and expenditure account	(1,772)	-	-	(1,772)
Other comprehensive loss	(5,667)	-	-	(5,667)
Transfers between revaluation and income and expenditure reserves	59	(59)	-	-
Transfers between income and expenditure and restricted reserves	-	-	-	-
Balance at 31 July 2020	42,358	1,847	200	44,405

BALANCE SHEET
As at 31 July 2020

	Notes	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 (Restated) £'000
Non current assets			
Tangible assets	12	83,054	82,812
Financial assets	13	13,314	12,812
		<u>96,368</u>	<u>95,624</u>
Current assets			
Stock		78	64
Trade and other receivables	14	1,037	1,546
Investments	15	3,000	4,500
Cash and cash equivalents	19	5,856	6,148
		<u>9,971</u>	<u>12,258</u>
Less: Creditors - amounts falling due within one year	16	<u>(6,747)</u>	<u>(7,685)</u>
Net current assets		<u>3,224</u>	<u>4,573</u>
Total assets less current liabilities		99,592	100,197
Creditors: amounts falling due after more than one year	17	(32,561)	(32,830)
Provisions			
Defined benefit obligations	18	(22,626)	(15,523)
Other provisions			-
		<u>-</u>	<u>-</u>
Total net assets		<u>44,405</u>	<u>51,844</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		42,358	49,738
Revaluation reserve		1,847	1,906
		<u>44,205</u>	<u>51,644</u>
Total unrestricted reserves		<u>44,205</u>	<u>51,644</u>
Total reserves		<u>44,405</u>	<u>51,844</u>

The financial statements on pages 30-53 were approved by the Corporation on 16 December 2020 and were signed on its behalf by:


Robert Crossland, Chair


Martin Tucker, Accounting Officer

STATEMENT OF CASH FLOWS
For the year ended 31 July 2020

		Yr ended 31 Jul 20	Yr ended 31 Jul 19 (Restated)
	Notes	£'000	£'000
Cash flow from operating activities			
Deficit for the year		(1,772)	(1,711)
Adjustment for non-cash items			
Depreciation		3,358	3,140
(Increase)/decrease in stocks		(14)	4
(Increase)/decrease in debtors		509	(293)
Decrease in creditors due within one year		(938)	(353)
Decrease in creditors due after one year		(269)	(1,496)
Increase/(decrease) in provisions		-	-
(Gain)/loss on investments		1,166	(261)
Pensions costs less contributions payable		1,436	1,475
Taxation		-	-
Adjustment for investing or financing activities			
Investment income		(305)	(436)
Interest payable		-	-
Taxation paid		-	-
Profit on sale of fixed assets		1	(12)
Net cash flow from operating activities		3,172	57
Cash flows from investing activities			
Proceeds from sale of fixed assets		7	14
Disposal of non-current asset investments		7,894	996
Investment income		305	436
Withdrawal of deposits		1,500	-
New deposits		-	-
Payments made to acquire non-current investments		(9,562)	(1,076)
Payments made to acquire fixed assets		(3,608)	(2,261)
		3,464	1,891
Cash flows from financing activities			
Interest paid		-	-
Increase / (decrease) in cash and cash equivalents in the year		(292)	(1,834)
Cash and cash equivalents at beginning of the year	19	6,148	7,982
Cash and cash equivalents at end of the year	19	<u>5,856</u>	<u>6,148</u>

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

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

Basis of Preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2019 to 2020* 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. While the College faces some challenges as a result of the Covid-19 pandemic, it has significant reserves including cash and cash equivalents in excess of £22m and no borrowings. For this reason the College 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 25.

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 2019 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 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 23, 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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. 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 20 £'000	Yr ended 31 Jul 19 £'000
Recurrent Grants		
Education and Skills Funding Agency - adult	679	746
Education and Skills Funding Agency - 16-18	22,792	23,656
Education and Skills Funding Agency - apprenticeships	2,124	2,057
Office for Students	(168)	(123)
Specific Grants		
Teachers' Pensions Grant	909	-
T Levels Early Adopter Grant	118	-
Alternative Completions	10	-
Releases of Government Capital Grants	1,083	1,061
Total	27,547	27,397

3. Tuition fees and Education Contracts

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Adult education fees	580	880
Apprenticeship fees and contracts	34	83
Fees for FE loan supported courses	516	590
Fees for HE loan supported courses	4,147	4,553
International students fees	13	6
Total tuition fees	5,290	6,112
Education contracts	2,238	2,334
Total	7,528	8,446

4. OfS Sources of Grant and Fee Income

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Grant Income from the OfS	163	208
Less Administration Charges	(331)	(331)
Net Grant Expenditure (note 2)	(168)	(123)
Fee income for Taught Awards (note 3)	4,147	4,553
Fee income for Research Awards	-	-
Fee income for Non Qualifying Courses	467	425
Total	4,446	4,855

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

5. Other Grants and Contracts

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
European Commission income	1,246	1,060
Other grants and contracts	1,229	1,433
Coronavirus Job Retention Scheme Grant	97	-
Total	2,572	2,493

The corporation furloughed some of its nursery and shop staff, as well as some part time lecturers and apprentices in the salons under the government's Coronavirus Job Retention Scheme. The funding received of £97k relates to staff costs which are included within the staff costs note 8 below.

6. Other Income

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Catering and residences	179	157
Other income generating activities	292	348
Miscellaneous Income	1,672	2,046
Total	2,143	2,551

7. Investment Income

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Other investment income	228	344
Other interest receivable	77	92
Total	305	436

8. Staff Costs

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

	Yr ended 31 Jul 20	Yr ended 31 Jul 19
Teaching staff	696	709
Non teaching staff	702	717
	1,398	1,426

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Staff costs for the above persons:		
Wages and salaries	21,953	22,940
Social Security costs	1,735	1,842
Restructuring costs (contractual)	10	484
Other pension costs (including FRS 102 adjustment of £1,098,000 – 2019 £1,151,000)	5,794	4,703
Total	29,492	29,969

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

The corporation does not have any salary sacrifice arrangements in place.

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 Partnerships, the Director of Quality, the Director of Operations, the Director of Teaching and Learning and the Director of Penwith College. During the period from 27 February 2020 to 31 August 2020 the Director of Penwith became the Acting Accounting Officer, before replacing the Accounting Officer on his retirement on a permanent basis from 1 September 2020.

No payments were made to key management personnel as compensation for loss of office during the year ended 31 July 2020.

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 2020	Numbers 2019
£5,000 - £10,000	2	1
£15,000 - £20,000	1	-
£35,000 - £40,000	-	1
£50,001 - £55,000	-	1
£65,001 - £70,000	2	1
£70,001 - £75,000	-	1
£80,001 - £85,000	1	-
£85,001 - £90,000	1	2
£90,001 - £95,000	1	2
£100,001 - £105,000	1	-
£155,001 - £160,000	1	1
	10	10

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Key management personnel emoluments are made up as follows:		
Basic Salary	688	750
Benefits in kind	-	-
Pension contributions	155	121
Total emoluments	843	871

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

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 20 £'000	Yr ended 31 Jul 19 £'000
Salary	157	157
Benefits in kind	-	-
	157	157
Pension contributions	36	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.

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

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'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.

9. Other Operating Expenses

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Teaching costs	3,303	4,069
Non teaching costs	2,590	3,066
Premises Costs	2,532	2,824
Total	8,425	9,959

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Other operating expenses include:		
Auditors' remuneration		
- internal audit	9	7
- financial statements audit	19	18
- other services provided by the external auditors	6	4

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

10. Access and Participation Expenditure

	Yr ended 31 Jul 20 £'000
Access Investment	144
Financial Support Provided to Students	230
Support for Disabled Students	42
Research and Evaluation	10
Total	426

The College's Access and Participation plan for the year ended 31 July 2020 is published at https://apis.officeforstudents.org.uk/accessplansdownloads/1920/TruroAndPenwithCollege_APP_2019-2020_V2_10007063.pdf

11. Interest Payable

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Pension finance costs (note 21)	338	324
Total	338	324

12. 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 2019	111,383	15,812	82	127,277
Additions	639	694	2,275	3,608
Disposals	52	32	-	84
At 31 July 2020	111,970	16,474	2,357	130,801
Depreciation				
At 1 August 2019	30,198	14,267	-	44,465
Charge for year	2,664	694	-	3,358
Elimination in respect of disposals	44	32	-	76
At 31 July 2020	32,818	14,929	-	47,747
Net book value at 31 July 2020	79,152	1,545	2,357	83,054
Net book value at 31 July 2019	81,185	1,545	82	82,812

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

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:

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

13. Non-Current Investments

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 (Restated) £'000
Financial Assets	13,314	12,812

Fluctuations in the fair value of investments are recognised as a charge to equity through income and expenditure. The 2019 balance has been restated to reclassify the cash balances held within the investments under Cash and Cash Equivalents.

14. Debtors

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Amounts falling due within one year:		
Trade receivables	233	646
Prepayments and accrued income	804	900
Total	1,037	1,546

15. Current Investments

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Monies invested short term on the money market	3,000	4,500

16. Creditors: Amounts falling due within one year

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Trade Creditors	1,590	2,030
Taxation and pension contributions	882	1,164
Accruals	1,940	2,103
Payments received in advance	789	885
Deferred income – government capital grants	1,049	1,049
Amounts owed to Funding Bodies	497	454
Total	6,747	7,685

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

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

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Deferred Capital Grant	32,310	32,567
Other Deferred Income	251	263
Total	32,561	32,830

18. Provisions for Liabilities and Charges

	Defined Benefit Obligations £'000	Other Provisions £'000	Total £'000
At 1 August 2019	15,523	-	15,523
Expenditure in the period	7,103	-	7,103
At 31 July 2020	22,626	-	22,626

19. Cash and Cash Equivalents

	1 Aug 19 (Restated) £'000	Cash Flow £'000s	31 Jul 20 £'000
Cash in hand at Bank	6,148	(292)	5,856
Total	6,148	(292)	5,856

The 2019 balance has been restated to reclassify cash balances that were held in fixed asset investments under Cash and Cash Equivalents.

20. Capital and Other Commitments

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Commitments contracted for but not provided at 31 July:	1,030	157
Authorised but not contracted for at 31 July:	5,903	6,907
	6,933	7,064

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

21. 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 2019.

Total pension cost for the year	Year ended 31 Jul 20 £'000	Year ended 31 Jul 19 £'000
Teachers Pension Scheme:		
Contributions paid	2,508	1,851
Local Government Pension Scheme:		
Contributions payable	2,188	1,701
FRS 102 (28) charge	<u>1,098</u>	<u>1,151</u>
Charge to the Income and Expenditure Account (staff costs)	3,286	2,852
Total pension cost for year	<u>5,794</u>	<u>4,703</u>

Contributions amounting to £454,000 (2019: £619,000) were payable to the above schemes at 31 July 2020 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 £2,508,000 (2019: £1,851,000)

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 2020 were £2,860,000 of which employers' contributions totalled £2,401,000 and employees' contributions totalled £459,000. 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 2019, updated to 31 July 2020 by Hymans Robertson, a qualified independent actuary.

	At 31 July 2020	At 31 July 2019
Salary Increase Rate	2.1%	2.5%
Pension Increase Rate (CPI)	2.1%	2.4%
Discount rate	1.4%	2.1%

Mortality

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and a long term rate of improvement of 1.25% p.a. for women and men.

	At 31 July 2020	At 31 July 2019
<i>Retiring today</i>		
Males	21.4	21.1
Females	23.6	23.6
<i>Future Pensioners*</i>		
Males	22.3	22.3
Females	25.1	25.0

* Figures assume members aged 45 as at the last formal valuation date.

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 2020	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	12%	7,680
0.5% increase in the Salary increase Rate	1%	543
0.5% increase in the Pension Increase Rate	11%	7,005

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 2020 % per annum	Value at 31 July 2020 £'000	Long-term rate of return expected 31 July 2019 % per annum	Value at 31 July 2019 £'000
Equities	1.6%	21,970	2.2%	22,441
Bonds	1.6%	15,461	2.2%	15,097
Property	1.6%	2,441	2.2%	2,856
Cash	1.6%	814	2.2%	408
Total Market Value of Assets		40,686		40,802
Present value of scheme liabilities		(63,312)		(56,325)
Surplus/(deficit) in the scheme		(22,626)		(15,523)

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

	Year ended 31 Jul 20 £'000	Year ended 31 Jul 19 £'000
Fair value of plan assets	40,686	40,802
Present value of plan liabilities	(63,312)	(56,325)
Net pensions liability (Note 18)	(22,626)	(15,523)

Amounts included in staff costs

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Current service cost	3,499	2,749
Past service cost	-	66
Total	3,499	2,815

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 20 £'000	Yr ended 31 Jul 19 £'000
Return on pension plan assets	(3,005)	2,793
Experience gains arising on defined benefit obligations	1,863	-
Change in assumptions underlying the present value of plan liabilities	(4,525)	(5,807)
Amount recognised in Other Comprehensive Income	(5,667)	(3,014)

Movement in net defined benefit liability during year

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Net defined liability in scheme at 1 August	(15,523)	(11,034)
Movement in year:		
Current service cost	(3,499)	(2,749)
Employer contributions	2,401	1,664
Past service cost	-	(66)
Net interest on the defined liability	(338)	(324)
Actuarial gain or loss	(5,667)	(3,014)
Net defined liability at 31 July	(22,626)	(15,523)

Changes in the present value of defined benefit obligations

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Defined benefit obligations at start of period	56,325	46,655
Current service cost	3,499	2,749
Interest cost	1,218	1,340
Contributions by scheme participants	459	436
Experience gains and losses on defined benefit obligations	(1,863)	-
Changes in financial assumptions	5,405	8,838
Changes in demographic assumptions	(880)	(3,031)
Estimated benefits paid	(851)	(728)
Past Service cost	-	66
Defined benefit obligations at end of period	63,312	56,325

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

Changes in fair value of plan assets

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Fair value of plan assets at start of period	40,802	35,621
Interest on plan assets	880	1,016
Return on plan assets	(3,005)	2,793
Employer contributions	2,401	1,664
Contributions by Scheme participants	459	436
Estimated benefits paid	(851)	(728)
Fair value of plan assets at end of period	40,686	40,802

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%.

22. 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 24 - 27 for details of related party transactions and balances.

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

23. Amounts Disbursed as Agent

Learner Support Funds

	Yr ended 31 Jul 20 £'000	Yr ended 31 Jul 19 £'000
Funding body grants – discretionary learner support	946	1,044
Funding body grants – residential bursaries	1	7
Other Funding bodies grants	-	-
Interest earned	1	1
	<hr/>	<hr/>
	948	1,052
Disbursed to students	(1,036)	(1,233)
Administration costs	(6)	(9)
	<hr/>	<hr/>
Balance under/(over)spent as at 31 July 2020	(94)	(190)

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.

24. 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 2020 it has unrestricted reserves of £59,592 and restricted reserves of £22,522 with expenditure totalling £27,352 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 £6,266 owed to the College at 31 July 2020. Consolidated accounts have not been prepared on the grounds of materiality.

25. 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 2019/20 the College recharged staff and other costs incurred on behalf of Cornwall SCITT totalling £570,756.

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

26. 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 2021 (<http://tpacademytrust.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 2019/20 the College recharged costs incurred on behalf of the Trust totalling £39,194. At the year-end £1,381 was due to the College from the Trust.

27. 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 2021 (<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 2019/20 the College recharged staff and other costs incurred on behalf of the Trust totalling £167,692. In addition to this the College charged £77,580 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 £25,316 was due to the College from the Trust.