



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

**FOR YEAR ENDED  
31 July 2022**







# TRURO AND PENWITH COLLEGE

## REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 July 2022

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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 2021/22:

Martin Tucker – Principal and CEO; Accounting Officer  
Adele Bull – Director of Curriculum Development (appointed 1 August 2021)  
Andy Stittle – Director of Partnerships (retired 5 September 2021)  
Cheryl Mewton – Director of Studies (retired 31 August 2021)  
Hayley McKinstry – Director of Partnerships and Apprenticeships (appointed 1 August 2021)  
Jane Cashmore – Director of Operations  
Lisa Briscoe – Director of Student Experience (appointed 16 August 2021)  
Lowenna Bradley – Director of Quality (resigned 31 May 2022)  
Lucy Maggs – Director of Operations (Penwith)  
Scott Cryer – Director of Finance and Administration  
Vicky Pearson – Director of Teaching and Learning

#### Board of Governors

A full list of Governors is given on pages 15-17 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 2022.

#### **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 15 to 17.

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 2021 the College developed a Strategic Plan for the period 2021/22 to 2024/25. 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 student numbers
- To sustain and develop HE provision
- To sustain and develop adult participation in full and part time vocational learning
- To sustain and improve student achievement and retention
- To extend the curriculum, enhance learning and enrich the student experience
- To meet the needs of local employers, develop partnerships and enhance the College contribution to community life
- To continue to develop the College's physical resources and infrastructure
- To maintain a secure financial position

### Attainment of Objectives – 2021/22

- The total number of FT 16-18 students fell slightly, partly due to the residual impact of coronavirus and also as Callywith College continues to expand its student enrolment from the north and east of the county.
- HE recruitment fell this year along with a drop in in-year retention having been impacted by a number of factors linked to the recovery from coronavirus.
- The range of work undertaken to meet the needs of local employers and their employees has grown; for example we are acting as lead on two Skills Development projects designed to develop and grow programmes in technical skills and build collaborative relationships with local businesses. During the year we have seen an increase in Apprenticeship starts.
- Investment has continued in the College's capital development.
- Excellent levels of achievement were maintained (see further details below), and this year saw a return to normal practice following two years without formal examinations.
- 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 recruitment remains stable.
- Enrolments by students funded by the Government's Advanced Learning Loans programme were maintained at a similar level to those of 2020/21.

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

During the year ended 31 July 2022 the College enrolled approximately 8,635 students. The College's student population includes 4,955 16 to 18-year-old students, 410 apprentices, 420 higher education students and 2,850 adult learners.

The College has £61.5 million of net assets (including a £4.9 million pension liability) and does not have any debts. Tangible resources include all College sites and equipment with a current net book value of £92.9 million (excluding the infrastructure and land leased to Callywith College), financial investments valued at £8.0 million and short term cash deposits of £0.5 million as at 31 July 2022.

## **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 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. This provided funding of £2 million towards a £7.25 million new build, Valency, adjacent to the Seaton building. This building is now open and provides 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 27 to the Financial Statements
- Truro and Penwith Academy Trust – Note 28 to the Financial Statements
- Callywith College Trust – Note 29 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
- Royal Cornwall Hospitals NHS Trust
- 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 £2,046,000 (2020/21 – surplus of £199,000) 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 31 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 22 £'000	Yr Ended 31 Jul 21 £'000
<b>Total Comprehensive Income and Expenditure</b>	<b>21,554</b>	<b>(4,425)</b>
Actuarial (Gain)/Loss in respect of Pension Schemes	(28,953)	3,562
<b>Surplus/(Deficit) before tax</b>	<b>(7,399)</b>	<b>(863)</b>
Loss/(Gain) on Investments	1,637	(1,822)
Gain on Disposal of Assets	(913)	(256)
<b>Deficit before other losses and gains</b>	<b>(6,675)</b>	<b>(2,941)</b>
FRS 102 adjustments to Staff Costs in respect of Pension Schemes	4,069	2,745
FRS 102 adjustments to Interest Payable in respect of Pension Schemes	501	336
Transfers from Revaluation Reserve	59	59
<b>Underlying Operating Surplus/(Deficit)</b>	<b>(2,046)</b>	<b>199</b>

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 £8,076,000. This related to equipment purchases of £2,538,000, building developments on the existing campuses at Truro and Penwith College of £3,023,000, works and fees in relation to the build of the Ottery building in Bodmin of £2,515,000.

### Sources of Income

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. For 2021/22 the various funding streams from the ESFA and the OFS totalled £30,060,000 which represented 67% 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 26 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 4% of turnover
- maintaining at least 35 cash days in hand
- sustaining a current ratio of 2.0
- limiting borrowing as a percentage of net assets to 20%
- pursuing alternative sources of funding
- funding continued capital investment through established reserves and borrowing

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



## **STRATEGIC REPORT (CONTINUED)**

### **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 a "Good" financial health grading. The variance was a result of the governors electing to award a cost of living payment to staff at the year end.

### **FUTURE PROSPECTS**

#### **Financial plan**

The College governors approved a financial plan in July 2022 which sets objectives for the period to 2024 and projected operating deficits of between £947,000 and £806,000 per annum for the years 2022/23 and 2023/24 respectively. If achieved this would result in a 'Good' financial health grading for each of the next two years. The variance in expected grading was agreed by the governors as an acceptable consequence of increasing investment in staff and student experience.

#### **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 outflow was £3,153,000 (2021: inflow £3,656,000) for the year. The change from prior year reflects the College's increased investment in operational resources within the current climate of reduced public funding and recovery from 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. As at the balance sheet date the Income and Expenditure reserve stands at £59,805,000 (2021: £37,992,000), and accumulated reserves of £61,534,000 (2020/21: £39,980,000). This is made up of non-current assets totalling £100,934,000 (2020/21: £104,858,000), net current assets of £4,256,000 (2020/21: net liability of £1,476,000), pension liability of £4,886,000 (2020/21: £29,269,000) and other long-term liabilities of £38,770,000 (2020/21: £34,133,000).

## **STRATEGIC REPORT (CONTINUED)**

### **Going Concern**

The College continues to maintain a strong balance sheet with over £4 million in net current assets, £8 million in managed investments and no borrowing. The planned level of capital expenditure has been included in cashflow forecasts over the short to medium term along with expectations relating to student numbers and staffing levels.

After making appropriate enquiries and reviewing the College current performance along with the indicated strategic and financial plans and risk management, 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.

### **CURRENT PERFORMANCE**

Students who completed courses during 2021/22 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.

The academic year of 2021-2022 saw a return to usual practice following two years without formal examinations, due to the Covid-19 pandemic. For the vast majority of this student cohort, it was the first time, since SATs during primary school, that they had experienced formal assessments and exam conditions. Academic staff supported students toward their assessments with this in mind, amending course delivery accordingly and focussing more intently on exam preparation and revision strategies. This, combined with a package of pastoral support through the tutorial programme, Student Services and Learning Support Services, allowed this cohort of students to gain their qualifications and progress to their next steps.

#### **GCE Advanced Level**

- At GCE A Level, students achieved a 99.1% pass rate at grades A – E against a national benchmark of 98.4%.
- 100% pass rate recorded in 40 subjects (two thirds of our entire A Level provision).
- 68% of completers achieved high grades (A\*-B), with 35% (824 of the 2,310 entries) resulting in A or A\*. Over 87% of students received the highest A\* - C grades. Nationally, this figure puts the highest-grade average for students at Truro and Penwith College 5% above the England average of 82%. In total, 296 of the highest A\* grades were awarded.
- The value added Advanced Level Performance System (ALPS) scored grade 3 this year putting the College in the top 25% of colleges nationally.

#### **International Baccalaureate (IB)**

Truro College is one of the largest state providers of the IB in the UK and the only one in Cornwall. 42 students were awarded the diploma in 2022. This year's points per student average is 35 compared to a global average of 32. 20% of the cohort achieved 40+ points, (2022 GA - global average 14%) while 82% achieved 30+ points (2022 GA 66%), the equivalent of at least 144 UCAS points or AAA at A Level.

## **STRATEGIC REPORT (CONTINUED)**

### **Vocational Courses**

Over 700 students achieved their L3 Extended Diplomas (equivalent to three A Levels), with a 99.2% pass rate overall and a 100% pass rate in 16 level 3 Vocational Diploma subjects. 44% of students gained DDD or higher, equivalent to at least three A's at A Level and 80% of students gained MMM or higher, equivalent to at least three B grades at A Level. Sport, Health, Dance, Travel and Tourism and Science Diplomas saw more than 50% of students gaining DDD or higher.

Following the first year of delivery, 91% of T Level students achieved a merit or distinction grade, equivalent to three B grades at A Level or above, with 68% achieving the highest possible distinction or distinction\* grade, equivalent to three As or A\*s at A Level.

### **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. 129 students gained their Access to HE diplomas with 83% progressing to universities of their choice, of which 16% progressed to HE courses at Truro and Penwith College.

### **Higher Education**

Higher Education awards gained this summer varied from Honours and Foundation degrees to Higher National Diplomas, PGCE and Certificate in Education and Short Course Certificates. There were a total of 244 awards gained (down 25 on 2020/21): 79 Honours Degrees, 113 Foundation Degrees, 19 PGCE/Certificate in Education, 7 HNDs, 6 HNCs and 20 Short Courses. Of these, 30 students achieved Distinctions on their Foundation Degrees/HNDs (25%) and 25 students achieved First Class Honours degrees (31%, up 1% on 2020/21).

## **FUTURE DEVELOPMENT**

### **Curriculum Developments**

The Ofsted framework 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 has introduced several curriculum enhancements which align well with this.

The most substantial part (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). 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)**

### **Full Time FE Students**

The College's 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. Now 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 assessment and higher education and a substantial enrichment programme. These encourage skill development and academic excellence through for example, completing in national competitions, confidence through teamwork and numerous activities to support health and wellbeing.

Our wide range of vocational courses and apprenticeship programmes have seen substantial growth, including the successful introduction of several T Level programmes. The range of vocational/technical 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 and national employers. 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."

2021/22 saw 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 skills and personal development.

### **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**

The College is realigning HE provision to be more skills based and responsive to the local need. Engineering and Digital programmes developed through the Institute of Technology and Nursing and Allied Health programmes developed in partnership with NHS Trusts, play a key part in this. The Higher Technical Qualification Quality Mark approval process has begun with the College submitting and achieving approval for the Cyber Security and Nursing Associate Foundation Degree Programmes. Further courses in engineering and construction will be submitted in 2023.

### **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 meet the priorities identified by the LEP in the strategic economic plan for Cornwall and particularly the impact and recovery from the pandemic. Partnerships continue to be developed in a range of sectors including Engineering, Electric Vehicles, Hospitality and Catering and IT. Our offer ranges from specifically designed bespoke training to tailoring existing qualifications to better address employer's needs.

## STRATEGIC REPORT (CONTINUED)

### 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 Common Inspection Framework and remains one of only 48 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 gained the Gold Standard in the previous Teaching Excellence Framework cycle in 2017/18 and was successfully reviewed in 2017/18 through the University of Plymouth's (UoP) 5-year review of the College's Higher Education provision. Our older HE courses have gone through UoP re-approval over the last four years to bring them all up to date. In March 2022 discussions between the Director of UoP Academic Partnerships and HE PTL led to confirmation that the UoP fee charges will not be subject to change until a new 5-year Academic Cooperation Agreement with the University of Plymouth is negotiated (for a 2024 start). 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 was a review of HE Governance to ensure the College meets the requirements of OfS and resulting from that review was the instigation of a risk register for all the OfS registration conditions.

Higher Education activity continues to adapt to a rapidly changing environment, with the college preparing for review of Student Outcomes by the OfS through the new "B3 conditions" and to engage in the new cycle of TEF, both during autumn 2022. The College has added variations to its 5-year OfS Access and Participation Plan, that will modify activity as we move into a new Access and Participation Plan cycle. Our curriculum continues to evolve with some level 5 programmes now approved as Higher Technical Qualifications (HTQs); FdSc Cyber Security and FdSc Nursing Associate becoming HTQs in 2021/22. New University of Plymouth approvals are being developed to reflect the opportunities linked to Apprenticeship Standards and HTQ badging as well as the potential opportunity linked to Lifelong Learning Entitlement proposals. HE provision at the College is embracing more Pearson EDEXCEL Higher National Certificates and Diplomas (HNC/HND) as part of the South West Institute of Technology developments, with new programmes in Engineering, Construction and Space Technologies starting in 2022/23. Curriculum development with the University of Greenwich continues, supporting Higher Apprenticeship and Degree Apprenticeship developments in the Health and Care Sector, and the college now has students on Apprenticeships and funded through the Office for Students, working alongside each other on these programmes. The Director of Curriculum Development continues to focus the College's HE curriculum on creating high value employment opportunities for people and businesses in Cornwall.

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 achieved in February 2021 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 2020/21 Foundation Studies provision was highly commended by the AoC.

## STRATEGIC REPORT (CONTINUED)

### PRINCIPAL RISKS AND UNCERTAINTIES

#### Risk Management

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

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 affected the College during 2021/22.

#### 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 returned to usual delivery practices following two years of blended learning and no formal examinations. The College continues to implement measures in line with government guidance in order to maximise the safety of learners and staff while on site. These measures include social distancing where possible, enhanced cleaning capacity available to staff and students as well as those services provided by our cleaning contractor, 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 remains ready to move back to widespread online learning if required in the future.

#### 2. Government funding and curriculum developments

The College is aware of several factors which may impact on future funding, including the new government Skills for Jobs white paper. The College is one of the early adopters of the new T-Levels and has collaborated on a number of capital projects relating to the development of Higher Level technical qualifications and Strategic Development fund. These new developments are exciting opportunities for the College to be a national leader and delivering high quality will be a significant opportunity for the College. The College is working with key stakeholders to ensure it develops a future offer that meets the needs of local employers and students.

#### 3. Student Recruitment

Although demographics are now expected to rise until 2025 and beyond, the College will need to continue to manage the shift of learners to Callywith and respond to competition from other providers. A variety of issues have been identified that could affect the enrolments across all ages and mitigating actions are being developed to address these where possible. Some short term volatility in recruitment levels across funding streams has been experienced due to Covid 19 consequences. Ensuring an on-going focus upon the quality of provision remains a key priority for the College.

#### 4. Failure to constrain expenditure

Government funding through the Education and Skills Funding Agency (ESFA) has continued to reduce in real terms. 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.

## STRATEGIC REPORT (CONTINUED)

### 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.

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.

## 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:

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

The College was reaccredited with the Investors in Diversity Quality Mark in 2021 and ranked within the top 25 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 provide 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 2021/22. 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.

## STRATEGIC REPORT (CONTINUED)

### 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	7.5
Percentage of time	Number of employees
0%	0
1-50%	8
51-99%	0
100%	0

Total cost of facility time	£14,678
Total pay bill	£32,566,285
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 2021 to 31 July 2022, the College paid 60.6 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 14 December 2022 and signed on its behalf by:**

Signature  Date: 14.12.22  
Jonathan Burnett, 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 2021 to 31 July 2022 and up to the date of approval of the annual report and Financial Statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in 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 2022. 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, and has regard for the Higher Education Code of Governance issued by the Committee of University Chairs (CUC) in September 2020.

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 2021 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 2021/22	Total Meetings Attended in 2021/22
Ms A Anderson	5 Oct 2022		7 Jul 2023		Student Member	Teaching, Learning & Assessment	0/0	0/0
Mrs K Ashworth	1 Aug 2013	1 Aug 2021	31 Jul 2025		External Member	Employment & Business Policy; Investment Panel	4/6	7/11
Mrs L Batchelor	1 Oct 2012	1 Aug 2020	31 Jul 2024		External Member	Employment & Business Policy; Audit; Teaching, Learning & Assessment; Remuneration (Chair)	6/6	25/25
Mr R Bray	1 Sept 2020		31 Aug 2024		Staff Member	Teaching, Learning & Assessment	3/4	3/9
Mr J Burnett (Chair of Corporation from 1 Aug 2021)	1 April 2021		30 April 2025		External Member	Teaching, Learning & Assessment; Employment & Business Policy (Chair); Finance & General Purposes; Search & Governance	6/6	23/25
Mr P Callen	1 Nov 2016	1 Aug 2020	31 Jul 2024		External Member	Finance & General Purposes; Investment Panel	5/6	12/13
Mr D Collins	1 Aug 2017	1 Aug 2021	31 Jul 2025		External Member	Finance & General Purposes	5/6	9/11
Mr M Cooper	22 Nov 2019		31 Jul 2023		External Member	Finance & General Purposes	6/6	10/11
Mrs L Gooding	1 Sept 2020		31 Aug 2024		External Member	Teaching, Learning & Assessment;	5/6	7/11
Sir Robert Owen	28 Mar 2018	1 Jan 2022	31 Dec 2025		External Member	Teaching, Learning & Assessment; Finance & General Purposes	4/6	10/16
Ms K Prosser	1 Sept 2020		31 Aug 2024		External Member	Finance & General Purposes	2/6	6/11
Mr F Sadler	29 Sept 2021		8 Jul 2022		Student Member	Teaching, Learning & Assessment	2/4	3/7

# STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

MEMBERS WHO SERVED ON THE CORPORATION DURING THE YEAR COMMENCING 1 AUGUST 2021 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 2021/22	Total Meetings Attended in 2021/22
Mrs S Sanderson	1 Aug 2014	1 Aug 2022	31 Jul 2026		External Member	Audit; Teaching, Learning & Assessment	5/6	11/14
Ms F Sargent	29 Sept 2021		8 Jul 2022		Student Member	Teaching, Learning & Assessment	3/4	5/7
Dr E Sheridan	1 Jan 2007	1 Aug 2018	31 Jul 2022		External Member	Teaching, Learning & Assessment (Chair); Remuneration; Search & Governance; Chairs' Standing Committee	6/6	17/19
Ms D Skinnard	14 Mar 2006	1 Aug 2020	31 Jul 2024		External Member	Employment & Business Policy; Audit Committee	5/6	11/12
Ms K Skipper	16 Dec 2020		10 Jun 2022		HE Student Member	Teaching, Learning & Assessment	1/4	1/8
Mr R Townsend	1 Aug 2019		31 Jul 2023		External Member	Audit (Chair); Investment Panel; Search & Governance	6/6	12/17
Mr D Tse	5 Oct 2022		7 Jul 2023		Student Member	Teaching, Learning & Assessment	0/0	0/0
Mr M Tucker	1 Sept 2020		ongoing		Principal	Finance & General Purposes; Search & Governance; Employment & Business Policy; Chairs' Standing Committee; Teaching, Learning & Assessment; Investment Panel	6/6	29/30
Prof F Wall	1 Sept 2021		31 Aug 2025		External Member	Teaching, Learning & Assessment	6/6	9/11

MEMBERS WHO SERVED ON THE CORPORATION DURING THE YEAR COMMENCING 1 AUGUST 2021 AND UP TO THE DATE OF SIGNATURE OF THIS REPORT (CONTINUED)

[illegible]

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)**

The Corporation consists of eighteen 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 and Business 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](http://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 carried out a self-assessment of its own effectiveness during 2021 and graded itself as 'Outstanding' on the Ofsted scale.

The Corporation is committed to governor development and all governors are expected to take part in ongoing development and identify any training needs via the biannual skills audit process. As well as a 24 hour residential conference which includes a programme of presentations and updates on sector developments, additional briefings are provided throughout the year. Governors are also encouraged to participate in external development opportunities and during this year all governors completed training on the Strategic Leadership of Safeguarding. Individual governors also attended Association of Colleges sessions on a range of topics including Induction, Careers Education, Committee Leadership, College Finance and Audit. In 2021 the Clerk to the Corporation completed the Education & Training Foundation (ETF) 'Technical Aspects of being a Governance Professional' programme and fulfilled the criteria to gain membership of the Institute of Leadership and Management (ILM). The Clerk has also completed Safeguarding training and takes part in regular AoC network meetings to maintain understanding of sector developments and best practice.

The governing body has responded to DfE guidance on external board reviews and is commissioning an external review in 2022/23.

### **Remuneration Committee**

Throughout the year ended 31 July 2022, the College's Remuneration Committee comprised three members, being the Chairs of the Teaching Learning and Assessment and Employment and Business 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 2022 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.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

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.

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

<b>Committee member</b>	<b>Meetings attended</b>
Mr R Townsend	2
Mrs S Sanderson	1
Ms D Skinnard	3
Mrs L Batchelor	3
Mr A Wheeldon	3

### **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 2022 and up to the date of approval of the annual report and accounts.

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)**

### ***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 2022 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.

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.

### ***Risks faced by the Corporation***

During the year the Corporation identified, evaluated and managed the risks faced as outlined in the principal risks and uncertainties on Page 11.

### ***Control weaknesses identified***

During the annual cycle of reviews the internal auditors did not identify any significant control weaknesses.

### ***Responsibilities under funding agreements***

The Corporation met all its contractual responsibilities under its funding agreements and contracts with the ESFA.

### ***Statement from the Audit Committee***

The audit committee has advised the board of governors that the Corporation has an effective framework for governance and risk management in place. The audit committee believes the Corporation has effective internal controls in place.

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



## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

- Governance – Corporation and Committees
- Risk Management – Mitigation
- ICT Security – Information and Governance
- Key Financial Controls
- Procurement
- Learner Numbers
- Curriculum Planning

### ***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.

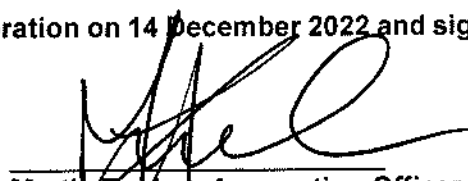
The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor and other sources of assurance. A plan to address weaknesses and ensure continuous improvement 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 2022 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 14 December 2022 and signed on its behalf by:

Signature   
Jonathan Burnett, Chair

  
Martin Tucker, Accounting Officer

Date 14.12.22

Date 14 December 2022



## STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Financial Memorandum 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 2021 to 2022 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 14 December 2022 and signed on its behalf by:**

  
Jonathan Burnett, Chair

Date: 14.12.22

## Opinion

**In our opinion the financial statements:**

- ### Basis for Opinion

### Conclusions relating to Going Concern

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

### Other Information

page 25

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

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 where the Post 16 Audit Code of Practice Issued by the Education and Skills Funding Agency ('ESFA') requires us to report to you if, in our opinion:

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

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

In our opinion:

- Funds from whatever source administered by the Corporation 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 ('OfS') 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 24, 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 determines 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.

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

### **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.

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the sector, control environment and the Corporation's performance;
- results of our enquiries of management and the members, including the committees charged with governance over the Corporation's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Corporation's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- how the Corporation ensured it met its obligations arising from it being financed by and subject to the governance requirements of the ESFA and OfS, and as such material compliance with these obligations is required to ensure the Corporation will continue to receive its public funding and be authorised to operate, including around ensuring there is no material unauthorised use of funds and expenditure; and
- the matters discussed among the audit engagement team and involving relevant internal Corporation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the Corporation for fraud, which included incorrect recognition of revenue and management override of controls using manual journal entries and these were identified as having the greatest potential for fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the Corporation operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the College Accounts Direction, the Office for Students' Accounts Direction, the FE HE SORP, and the UK Companies Act.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Corporation's ability to operate or to avoid a material penalty. These included safeguarding regulations, data protection regulations, occupational health and safety regulations, education and inspections legislation, and employment legislation.

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

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of Corporation's management and members concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the ESFA and OfS;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of the members and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of Our Report**

This report is made solely to the Corporation, 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 it 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, 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:

## **REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY**

In accordance with the terms of our engagement letter dated 6 September 2022 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 2021 to 31 July 2022 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 2021 to 31 July 2022 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 2021 to 31 July 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

### **BISHOP FLEMING LLP**

Chartered Accountants  
Statutory Auditors  
Chy Nyverow  
Newham Road  
Truro  
Cornwall  
TR1 2DP

Date

**STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE**  
**For the year ended 31 July 2022**

		Yr ended 31 Jul 22	Yr ended 31 Jul 21
	Notes	£'000	£'000
<b>Income</b>			
Funding Body Grants	2	31,376	29,868
Tuition fees and education contracts	3	7,587	8,107
Other grants and contracts	5	2,646	2,561
Other income	6	2,902	2,082
Investment income	7	328	334
<b>Total income</b>		<b>44,839</b>	<b>42,952</b>
<b>Expenditure</b>			
Staff costs	8	36,635	32,719
Other operating expenses	9	9,974	9,293
Depreciation	12 & 13	4,405	3,545
Interest payable	11	501	336
<b>Total expenditure</b>		<b>51,515</b>	<b>45,893</b>
Deficit before other losses and gains		(6,676)	(2,941)
Gain on disposal of assets		914	256
(Loss)/Gain on investments		(1,637)	1,822
<b>Deficit before tax</b>		<b>(7,399)</b>	<b>(863)</b>
Taxation		-	-
Actuarial Gain/(Loss) in respect of Pension Schemes	22	28,953	(3,562)
<b>Total Comprehensive Gain/(Loss) for the year</b>		<b>21,554</b>	<b>(4,425)</b>
<b>Represented by:</b>			
Restricted comprehensive income		0	0
Unrestricted comprehensive income		21,554	(4,425)
		<b>21,554</b>	<b>(4,425)</b>

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

**STATEMENT OF CHANGES IN RESERVES**  
**For the year ended 31 July 2022**


	Notes	Income and Expenditure Account £'000	Revaluation Reserve £'000	Restricted Reserve £'000	Total £'000
<b>Balance at 31 July 2021</b>		<b>37,992</b>	<b>1,788</b>	<b>200</b>	<b>39,980</b>
Deficit from the income and expenditure account		(7,399)	-	-	(7,399)
Other comprehensive income	22	28,953	-	-	28,953
Transfers between revaluation and income and expenditure reserves		59	(59)	-	-
Transfers between income and expenditure and restricted reserves		200	-	(200)	-
<b>Balance at 31 July 2022</b>		<b>59,805</b>	<b>1,729</b>	<b>-</b>	<b>61,534</b>

**BALANCE SHEET**  
**As at 31 July 2022**

	Notes	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
<b>Non current assets</b>			
Intangible assets	12	55	-
Tangible assets	13	92,854	89,220
Financial assets	14	8,025	15,638
		<u>100,934</u>	<u>104,858</u>
<b>Current assets</b>			
Stock		71	71
Trade and other receivables	15	1,912	1,123
Investments	16	500	1,000
Cash and cash equivalents	20	6,847	4,223
		<u>9,330</u>	<u>6,417</u>
<b>Less: Creditors - amounts falling due within one year</b>	17	<u>(5,074)</u>	<u>(7,893)</u>
<b>Net current assets/ (liabilities)</b>		<u>4,256</u>	<u>(1,476)</u>
<b>Total assets less current liabilities</b>		<b>105,190</b>	<b>103,382</b>
<b>Creditors: amounts falling due after more than one year</b>	18	<b>(38,770)</b>	<b>(34,133)</b>
<b>Provisions</b>			
Defined benefit obligations	19	(4,886)	(29,269)
Other provisions			
<b>Total net assets</b>		<u><b>61,534</b></u>	<u><b>39,980</b></u>
<b>Restricted reserves</b>			
Non-Government Capital Grants		-	200
<b>Total Restricted reserves</b>		<u>-</u>	<u><b>200</b></u>
<b>Unrestricted reserves</b>			
Income and expenditure account		59,805	37,992
Revaluation reserve		1,729	1,788
<b>Total unrestricted reserves</b>		<u><b>61,534</b></u>	<u><b>39,780</b></u>
<b>Total reserves</b>		<u><b>61,534</b></u>	<u><b>39,980</b></u>

The financial statements on pages 31-54 were approved by the Corporation on 14 December 2022 and were signed on its behalf by:

  
Jonathan Burnett, Chair

  
\_\_\_\_\_  
Martin Tucker, Accounting Officer

**STATEMENT OF CASH FLOWS**  
**For the year ended 31 July 2022**

	Notes	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
<b>Cash flow from operating activities</b>			
Deficit for the year		(7,399)	(863)
<b>Adjustment for non-cash items</b>			
Depreciation		4,405	3,545
(Increase)/decrease in stocks		-	8
(Increase)/decrease in debtors		(789)	(86)
Increase/(decrease) in creditors due within one year		(3,009)	949
Increase/(decrease) in creditors due after one year		(11)	(14)
Release of deferred capital grants		(1,316)	(1,103)
Pensions costs less contributions payable		4,570	3,081
Taxation		-	-
<b>Adjustment for investing or financing activities</b>			
Investment income		(328)	(334)
Interest payable		-	-
Taxation paid		-	-
(Profit)/loss on disposal of fixed assets		(913)	295
(Gain)/loss on investments		1,637	(1,822)
<b>Net cash flow from operating activities</b>		<b>(3,153)</b>	<b>3,656</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		-	16
Disposal of non-current asset investments		7,169	1,242
Payments to acquire non-current assets and investments		(8,377)	(11,767)
Withdrawal of deposits		500	2,000
Receipt of deferred capital grants		6,157	2,886
Investment income		328	334
		<b>5,777</b>	<b>(5,289)</b>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>		<b>2,624</b>	<b>(1,633)</b>
Cash and cash equivalents at beginning of the year	20	4,223	5,856
Cash and cash equivalents at end of the year	20	<u>6,847</u>	<u>4,223</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 2021 to 2022* 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 has faced some challenges as a result of the Covid-19 pandemic, it has significant reserves including cash and cash equivalents of almost £15m 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 26.

#### **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.

### **Intangible Assets**

Intangible assets such as software, are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost of intangibles less their residual value over their estimated useful life of 5 years, on a straight line basis.

An intangible asset will be recognised only if future economic benefits flow to the College and the cost of the asset can be measured reliably.

### **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 1<sup>st</sup> 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 1<sup>st</sup> 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.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

### **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.

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

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.

### Foreign Currency Translation

**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

**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 25, 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### • Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### 2. Funding Body Grants

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
<b>Recurrent Grants</b>		
Education and Skills Funding Agency - adult	551	879
Education and Skills Funding Agency - 16-18	25,598	24,652
Education and Skills Funding Agency - apprenticeships	2,742	2,023
Office for Students	237	145
<b>Specific Grants</b>		
Teachers' Pensions Grant	902	1,006
T Levels Early Adopter Grant	-	180
Alternative Completions	31	42
Covid Mass Testing	-	48
Releases of Government Capital Grants	1,315	1,103
<b>Total</b>	<b>31,376</b>	<b>29,868</b>

### 3. Tuition fees and Education Contracts

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
Adult education fees	342	324
Apprenticeship fees and contracts	82	51
Fees for FE loan supported courses	516	516
Fees for HE loan supported courses	3,057	3,906
International students fees	-	-
<b>Total tuition fees</b>	<b>3,997</b>	<b>4,797</b>
Education contracts	3,590	3,310
<b>Total</b>	<b>7,587</b>	<b>8,107</b>

### 4. OfS Sources of Grant and Fee Income

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
Grant Income from the OfS	237	145
<b>Net Grant Expenditure (note 2)</b>	<b>237</b>	<b>145</b>
Fee income for Taught Awards (note 3)	3,057	3,906
Fee income for Research Awards	-	-
Fee income for Non Qualifying Courses	489	547
<b>Total</b>	<b>3,546</b>	<b>4,453</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 5. Other Grants and Contracts

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
European Commission income	1,445	1,228
Other grants and contracts	1,201	1,279
Coronavirus Job Retention Scheme Grant	-	54
<b>Total</b>	<b>2,646</b>	<b>2,561</b>

### 6. Other Income

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
Catering and residences	168	74
Other income generating activities	377	296
Miscellaneous Income	2,357	1,712
<b>Total</b>	<b>2,902</b>	<b>2,082</b>

### 7. Investment Income

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
Other investment income	317	315
Other interest receivable	11	19
<b>Total</b>	<b>328</b>	<b>334</b>

### 8. Staff Costs

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

	Yr ended 31 Jul 22	Yr ended 31 Jul 21
Teaching staff	598	569
Non teaching staff	681	699
	<b>1,279</b>	<b>1,268</b>

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
Staff costs for the above persons:		
Wages and salaries	25,445	23,645
Social Security costs	2,249	1,923
Restructuring costs (contractual)	118	66
Other pension costs (including FRS 102 adjustment of £4,069,000 – 2021 £2,745,000)	8,823	7,085
<b>Total</b>	<b>36,635</b>	<b>32,719</b>

## 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 Operations, the Director of Finance and Admin, the Director of Partnerships and Apprenticeships, the Director of Teaching and Learning, the Director of Curriculum Development, the Director of Student Experience and the Director of Operations (Penwith).

No payments were made to key management personnel as compensation for loss of office during the year ended 31 July 2022.

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

	Numbers 2022	Numbers 2021
£5,000 - £10,000	1	-
£10,001 - £15,000	-	1
£15,001 - £20,000	-	-
£20,001 - £25,000	-	-
£25,001 - £30,000	4	1
£30,001 - £35,000	1	1
£35,001 - £40,000	1	2
£40,001 - £45,000	1	-
£45,001 - £50,000	-	1
£50,001 - £55,000	-	1
£55,001 - £60,000	1	1
£60,001 - £65,000	-	-
£65,001 - £70,000	-	1
£70,001 - £75,000	1	-
<b>Total</b>	<b>10</b>	<b>9</b>

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
Key management personnel emoluments are made up as follows:		
Basic Salary	765	736
Benefits in kind	-	-
Pension contributions	172	170
<b>Total emoluments</b>	<b>937</b>	<b>906</b>

## 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 22 £'000	Yr ended 31 Jul 21 £'000
Salary	146	142
Benefits in kind	-	-
	<b>146</b>	<b>142</b>
Pension contributions	35	33

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 22 £'000	Yr ended 31 Jul 21 £'000
Principal's basic salary as a multiple of the median of all staff	5.8	6.1
Principal and CEO's total remuneration as a multiple of the median of all staff	5.8	6.0

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 22 £'000	Yr ended 31 Jul 21 £'000
Teaching costs	3,641	3,247
Non teaching costs	3,096	3,079
Premises Costs	3,237	2,967
<b>Total</b>	<b>9,974</b>	<b>9,293</b>

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
Other operating expenses include:		
Auditors' remuneration		
- internal audit	8	8
- financial statements audit	20	21
- other services provided by the external auditors	5	4

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 10. Access and Participation Expenditure

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
Access Investment	79	89
Financial Support Provided to Students	116	203
Support for Disabled Students	50	39
Research and Evaluation	13	12
<b>Total</b>	<b>258</b>	<b>343</b>

The College's Access and Participation plan for the year ended 31 July 2022 is published at [https://apis.officeforstudents.org.uk/accessplansdownloads/2024/Truro&Penwith\\_APP\\_2020-21\\_V1\\_10007063.pdf](https://apis.officeforstudents.org.uk/accessplansdownloads/2024/Truro&Penwith_APP_2020-21_V1_10007063.pdf)

### 11. Interest Payable

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
Pension finance costs (note 22)	501	336
<b>Total</b>	<b>501</b>	<b>336</b>

### 12. Intangible Assets

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
<b>Cost or valuation</b>		
At 1 August 2021	-	-
Additions	57	-
<b>At 31 July 2022</b>	<b>57</b>	<b>-</b>
<b>Depreciation</b>		
At 1 August 2021	-	-
Charge for year	2	-
<b>At 31 July 2022</b>	<b>2</b>	<b>-</b>
<b>Net book value at 31 July 2022</b>	<b>55</b>	<b>-</b>
<b>Net book value at 31 July 2021</b>	<b>-</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 13. Tangible Fixed Assets

	Land and Buildings Freehold £'000	Equipment £'000	Assets in the course of construction £'000	TOTAL £'000
<b>Cost or valuation</b>				
At 1 August 2021	119,329	10,879	1,952	132,160
Additions	3,023	2,538	2,515	8,076
Disposals	(64)	(4)	-	(68)
Transfer on use	89	-	(89)	-
<b>At 31 July 2022</b>	<b>122,377</b>	<b>13,413</b>	<b>4,378</b>	<b>140,168</b>
<b>Depreciation</b>				
At 1 August 2021	35,523	7,417	-	42,940
Charge for year	2,996	1,407	-	4,403
Elimination in respect of disposals	(25)	(4)	-	(29)
<b>At 31 July 2022</b>	<b>38,494</b>	<b>8,820</b>	<b>-</b>	<b>47,314</b>
<b>Net book value at 31 July 2022</b>	<b>83,883</b>	<b>4,593</b>	<b>4,378</b>	<b>92,854</b>
Net book value at 31 July 2021	83,806	3,462	1,952	89,220

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	-

### 14. Non-Current Investments

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
Financial Assets	8,025	15,638

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

### 15. Debtors

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
Amounts falling due within one year:		
Trade receivables	507	129
Prepayments and accrued income	1,405	994
<b>Total</b>	<b>1,912</b>	<b>1,123</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 16. Current Investments

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
Monies invested short term on the money market	500	1,000

### 17. Creditors: Amounts falling due within one year

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
Trade Creditors	946	2,478
Taxation and pension contributions	50	998
Accruals	1,476	1,876
Payments received in advance	746	606
Deferred income – government capital grants	1,436	1,246
Amounts owed to Funding Bodies	420	689
<b>Total</b>	<b>5,074</b>	<b>7,893</b>

### 18. Creditors: Amounts falling due after more than one year

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
Deferred Capital Grant	38,547	33,896
Other Deferred Income	223	237
<b>Total</b>	<b>38,770</b>	<b>34,133</b>

### 19. Provisions for Liabilities and Charges

	Defined Benefit Obligations £'000	Other Provisions £'000	Total £'000
At 1 August 2021	29,269	-	29,269
Expenditure in the period	(24,383)	-	(24,383)
<b>At 31 July 2022</b>	<b>4,886</b>	<b>-</b>	<b>4,886</b>

### 20. Cash and Cash Equivalents

	1 Aug 21 £'000	Cash Flow £'000s	31 Jul 22 £'000
Cash in hand at Bank	4,223	2,624	6,847
<b>Total</b>	<b>4,223</b>	<b>2,624</b>	<b>6,847</b>

Cash balances that are held in fixed asset investments are included under Cash and Cash Equivalents.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 21. Capital and Other Commitments

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
Commitments contracted for but not provided at 31 July:	4,770	5,389
Authorised but not contracted for at 31 July:	762	831
	<b>5,532</b>	<b>6,220</b>

### 22. Defined Benefit Obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the 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.

	Year ended 31 Jul 22 £'000	Year ended 31 Jul 21 £'000
<b>Total pension cost for the year</b>		
Teachers' Pension Scheme:		
Contributions paid	2,969	2,754
Local Government Pension Scheme:		
Contributions payable	1,785	1,586
FRS 102 (28) charge	4,069	2,745
Charge to the Income and Expenditure Account (staff costs)	5,854	4,331
<b>Total pension cost for year</b>	<b>8,823</b>	<b>7,085</b>

Contributions amounting to £NIL (2021: £506,000) were payable to the above schemes at 31 July 2022 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 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 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). The DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 and 2020-21 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 £2,969,000 (2021: £2,754,000).

### 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 2022 were £2,386,000 of which employers' contributions totalled £1,800,000 and employees' contributions totalled £586,000. 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 2022 by Hymans Robertson, a qualified independent actuary.

	At 31 Jul 2022	At 31 Jul 2021
Salary Increase Rate	2.7%	2.8%
Pension Increase Rate (CPI)	2.7%	2.8%
Discount rate	3.5%	1.6%

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### Mortality

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.

	At 31 July 2022	At 31 July 2021
<i>Retiring today</i>		
Males	21.3	21.5
Females	23.9	24.1
<i>Future Pensioners*</i>		
Males	22.5	22.8
Females	25.6	25.8

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

### Sensitivity Analysis

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

Change in assumptions at 31 July 2022	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £'000
0.1% decrease in Real Discount Rate	2%	1,205
1 year increase in member life expectancy	4%	2,070
0.1% increase in the Salary increase Rate	0%	78
0.1% increase in the Pension Increase Rate	2%	1,135

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 2022 % per annum	Value at 31 July 2022 £'000	Long-term rate of return expected 31 July 2021 % per annum	Value at 31 July 2021 £'000
Equities	3.5%	26,337	1.6%	26,935
Bonds	3.5%	18,386	1.6%	17,011
Property	3.5%	3,975	1.6%	2,835
Cash	3.5%	994	1.6%	473
<b>Total Market Value of Assets</b>		<b>49,692</b>		<b>47,254</b>
<b>Present value of scheme liabilities</b>		<b>(54,578)</b>		<b>(76,523)</b>
<b>Surplus/(deficit) in the scheme</b>		<b>(4,886)</b>		<b>(29,269)</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

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

	Year ended 31 Jul 22 £'000	Year ended 31 Jul 21 £'000
Fair value of plan assets	49,692	47,254
Present value of plan liabilities	(54,578)	(76,523)
<b>Net pensions liability (Note 19)</b>	<b>(4,886)</b>	<b>(29,269)</b>

### Amounts included in staff costs

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
Current service cost	5,869	4,343
Past service cost	-	-
<b>Total</b>	<b>5,869</b>	<b>4,343</b>

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 22 £'000	Yr ended 31 Jul 21 £'000
Return on pension plan assets	180	4,739
Experience gains/(losses) arising on defined benefit obligations	(205)	890
Change in assumptions underlying the present value of plan liabilities	28,978	(9,191)
<b>Amount recognised in Other Comprehensive Income</b>	<b>28,953</b>	<b>(3,562)</b>

### Movement in net defined benefit liability during year

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
Net defined liability in scheme at 1 August	(29,269)	(22,626)
Movement in year:		
Current service cost	(5,869)	(4,343)
Employer contributions	1,800	1,598
Past service cost	-	-
Net interest on the defined liability	(501)	(336)
Actuarial gain or loss	28,953	(3,562)
<b>Net defined liability at 31 July</b>	<b>(4,886)</b>	<b>(29,269)</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### Changes in the present value of defined benefit obligations

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
<b>Defined benefit obligations at start of period</b>	<b>76,523</b>	<b>63,312</b>
Current service cost	5,869	4,343
Interest cost	1,268	914
Contributions by scheme participants	586	514
Experience gains and losses on defined benefit obligations	205	(890)
Changes in financial assumptions	(28,718)	8,218
Changes in demographic assumptions	(260)	973
Estimated benefits paid	(895)	(861)
Past Service cost	-	-
<b>Defined benefit obligations at end of period</b>	<b>54,578</b>	<b>76,523</b>

### Changes in fair value of plan assets

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
<b>Fair value of plan assets at start of period</b>	<b>47,254</b>	<b>40,686</b>
Interest on plan assets	767	578
Return on plan assets	180	4,739
Employer contributions	1,800	1,598
Contributions by Scheme participants	586	514
Estimated benefits paid	(895)	(861)
<b>Fair value of plan assets at end of period</b>	<b>49,692</b>	<b>47,254</b>

The year-end liability includes a past service cost of £66,000 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 was just under 0.5% of the total scheme liability as at 31 March 2019. The calculation of adjustment to past service costs 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%.

The estimated value of employer contributions for the year ended 31 July 2023 is £2,040,000.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 23. 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 25 - 28 for details of related party transactions and balances.

### 24. Events after the reporting period

On 29 November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions. This decision is retrospective to April 1993. The Department for Education introduced some new rules with for colleges with immediate effect. None of these rule changes have a significant impact on the 2021/22 financial statements of Truro and Penwith College and of its position at 31 July 2022. The Department for Education is expected to continue to review this change and issue further guidance over the coming 12 to 24 months. The College will also continue to keep further changes under consideration.

### 25. Amounts Disbursed as Agent

#### Learner Support Funds

	Yr ended 31 Jul 22 £'000	Yr ended 31 Jul 21 £'000
Funding body grants – discretionary learner support	1,489	1,198
Funding body grants – residential bursaries	-	-
Other Funding bodies grants	-	-
Interest earned	1	1
	<u>1,490</u>	<u>1,199</u>
Disbursed to students	(1,520)	(1,181)
Administration costs	(5)	(7)
<b>Balance under/(over)spent as at 31 July 2022</b>	<b><u>(35)</u></b>	<b><u>11</u></b>

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.

### 26. 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 2022 it has unrestricted reserves of £39,813 (2021: £54,732) and restricted reserves of £17,476 (2021: £18,841) with expenditure totalling £20,602 (2021: £12,463) 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 £13,919 (2021: £394) owed to the College at 31 July 2022. Consolidated accounts have not been prepared on the grounds of materiality.



## 27. Cornwall SCITT

During 2021/22 the College recharged staff and other costs incurred on behalf of Cornwall SCITT totalling £674,257 (2021: £729,242).

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 2023 (<http://tpacademytrust.org>).

## 29. 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 2023 (<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 2021/22 the College recharged staff and other costs incurred on behalf of the Trust totalling £107,257 (2021: £78,030). In addition to this the College charged £264,991 (2021: £210,041) 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. During the year the College made purchases totalling £NIL (2021: £375) from the Trust. At the year-end £273,520 (2021: £7,220) was due to the College from the Trust.

