

CORNWALL COLLEGE FURTHER EDUCATION CORPORATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

CORNWALL COLLEGE FURTHER EDUCATION CORPORATION

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**BOARD REPORT
FOR THE YEAR ENDED 31 JULY 2021 REFERENCE AND ADMINISTRATIVE DETAILS**

Board of Governors

Martin Bailey BSc MBA MCIOB CEnv
Karen Burrows BA, Solicitor
Peter Child FCMA, CGMA (Vice Chair)
Jamie Crisp
John Evans (Principal and CE)
Kian Glandfield
Michael Hambly BSc (appointed 1 September 2021)
Rhiah Harrison
Tracey Hooper CFIPD, CMILT, MBA, BSc (Hons), Dip Mgt.
Dr Wilf Hudson
Patrick Newberry BSc FCA FRSA
David Sharples
Anne Thomas RGC, BSc
Dr Ian Tunbridge QBE BSc PhD FGS (Chair)
Jane Warren BA(Hons) MBCS
Geoff Warring ACMA, CGMA
Pat Wilde BSc
Debbie Wilshire LLB, MBA (appointed 3 February 2021)
Ellen Winser MBE MA DL (appointed 3 February 2021)

Co-opted committee members

Ellen Winser MBE MA DL (Finance and Resources committee)
Jonathan Mashen BSc FCA (Audit and Risk committee)
Leon Sargeant ACIB and AMCT (Audit and Risk committee)
Debbie Wilshire LLB, MBA (Curriculum and Quality committee)
Penny Mathers CSW DMS MEd (Curriculum and Quality committee)

Director of Governance

W Randle

Executive Leadership Team

R Barrington
D Boyer (joined 8 July 2021)
C Corfield (joined 17 May 2021)
J Evans (Chair)
A Ford
S Houghton
J Nines
J Olosunde (left 25 June 2021)
P Ramshaw
M Wardle (left 18 April 2021)
K Wills

Principal and Registered Office

Cornwall College, St Austell, Tregonissey Road, St Austell PL25 4DJ

**BOARD REPORT
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Professional advisers

External Auditors: Bishop Fleming LLP, Salt Quay House, 4 North East Quay, Sutton Harbour, Plymouth, Devon PL4 0BN

Internal Auditors: RSM Risk Assurance Services LLP, Hartwell House, 55-61 Victoria Street, Bristol, BS1 6AD

Bankers: Barclays Bank plc, 20 High Street, Exeter, Devon, EX4 3YR
Lloyds Bank plc, 1st Floor, Phase 2, South East, Canons House, Canons Way, Bristol, BS99 7LB

Solicitors: Ashfords LLP, Princess Court, 23 Princess Street, Plymouth, Devon, PL1 2EX
Eversheds LLP, Eversheds House, 70 Great Bridgwater Street, Manchester, M1 5ES
Harrison Clark Rickerbys Ltd, 5 Deansway, Worcester WR1 2JG
Stephens and Scown LLP, Osprey House, Malpas Road, Truro, Cornwall, TR1 1UT
Womble Bond Dickinson (UK) LLP, Ballard House, West Hoe Road, Plymouth, Devon PL1 3AE

BOARD REPORT FOR THE YEAR ENDED 31 JULY 2021

The Corporation Board members are pleased to present their report and the audited consolidated financial statements for the year ended 31 July 2021.

OBJECTIVES AND STRATEGIES

Legal status

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

The Cornwall College Group Background

The College and its subsidiaries are known collectively as The Cornwall College Group (TCCG). In this report, references to the College refer to the College only, references to TCCG or the Group refer to the consolidated group. TCCG is one of the largest education establishments in the South West, with a turnover of £53m. It operates across seven campuses in Devon and Cornwall.

Mission, vision, strategy and values

TCCG's mission as approved by the Corporation Board is: 'Exceptional education and training for every learner to improve their career prospects'.

Shared values have been approved by the Board following widespread consultation. They underpin all aspects of College work and help guide the behaviour and attitude of staff and students:

Learner first
Act with integrity
Take ownership
EDI matters
Think sustainability

The past 18 months has seen huge changes in the way that we work in Further Education and it is likely this will continue for some time. Since the initial concerns of Covid-19 in March 2020 emerged, The Executive Leadership Team have met daily, virtually, in order to act on any emerging priorities that need immediate attention. Risk Assessments for each campus have been undertaken and reviewed to ensure they reflect current Government guidance. Cornwall and Devon academic year started with heightened measures due to the number of cases in the region resulting in the continued practice of mask wearing in communal areas. Events running across the groups are risk assessed and reviewed prior to the events taking place to confirm suitable measures are taken. Advice and guidance is sought with Public Health as required. All new Covid cases are logged and recorded this includes staff and students in order to identify clusters early and to ensure swift action is taken.

Implementation of the strategic intent

The Cornwall College Corporation Board (the Board) agreed a strategic plan committing to the following strategic goals across five priority areas covering the years 2020/21 to 2022/23:

To inspire, be ambitious, respect and support all of our learners, through consistently excellent quality of education to maximise their potential.

- To deliver consistent high learner outcomes and successful progression for all, relevant to their starting point.
- Ensure that teaching, learning and assessment is consistently good or better by effective quality assurance.
- Ensure that learners' employability skills and personal development are well developed, to include lifelong strategies to support positive mental health and wellbeing, leading to successful careers.
- Further develop apprentices' and learners' understanding and awareness of British Values, Equality, Diversity and Inclusion, including the Prevent agenda.
- Listen and respond to the Student Voice; ensuring that learners enjoy the wider experience of College life.

**BOARD REPORT
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Be the college of choice by delivering a high quality, sequenced curriculum to meet the needs of local and regional priorities.

- Create a flexible 'industry led' vocational FE and HE curriculum.
- Improve connectivity between research activity and curriculum offer, for the benefit of learners and industry.
- Further develop a consistent apprenticeship offer that meets the needs of employers at all levels.
- Continue to expand and promote the Higher Education curriculum offer, establishing clear progression routes for existing learners.
- Promote the College through a data-driven, focused marketing strategy, strengthening our positioning as 'The Career College'.
- Develop vocational pathways with local schools at Key Stage 4.
- Embed the sustainable use of resources and environmental impact into the curriculum.

Establish long term financial viability by managing the college resources effectively, efficiently and sustainably, to enhance the learner experience for all.

- Establish a long term financially secure cash position and positive budget.
- Increase the local market share of 16-18 year olds on study programmes or apprenticeships.
- Bid for projects/grant applications that support the College's strategic aims.
- Maximise value from existing resources with due care for environmental impact.
- Continue to deliver value for money by identifying opportunities for efficiency savings and by effective procurement, working in partnership with suppliers and stakeholders.
- Continue to implement a site strategy to achieve financial viability.

Bring fresh thinking to our partner and stakeholder relationships to maximise the opportunities to provide an outstanding experience for our learners, employers and the local community.

- Further develop partnerships and collaborative opportunities to achieve the College's Strategic Aims.
- Work with strategic stakeholders, including employers, to maximise opportunities, including research and knowledge transfer.
- Work collaboratively with local schools to develop vocational pathways for Key Stage 4 learners.
- Explore new partnerships with school sixth forms to increase participation in vocational pathways and to encourage progression to Higher Education.
- Engage with parents/carers, to work in partnership with them for the benefit of learners and to improve links to our local communities.

Value, develop and recognise staff through highly effective support that will provide the best quality experience for our learners.

- We will value, respect and recognise our staff contribution and ensure we retain, attract and recruit high calibre staff.
- Continue to work in partnership with staff representative groups (unions, staff forum and workload groups) to be recognised as an employer of choice and continue to improve cross college communication.
- To enhance the performance and contribution of staff through highly effective support, training and development, linked to the Performance Management Review including succession planning at all levels.
- Create and promote further opportunities for staff to improve their health and well-being; ensure that staff enjoy and value their time at work.
- Ensure an equitable and fair workload for all staff.
- Provide support to ensure staff are well qualified for their roles, including relevant and recent industry skills.

**BOARD REPORT
FOR THE YEAR ENDED 31 JULY 2021**

Resources

TCCG has various resources that it can deploy in pursuit of its strategic objectives. TCCG employs 1,023 people (expressed as full-time equivalents), of whom 412 are teaching staff. TCCG enrolled approximately 12,555 students (unique learners). TCCGs' student population included 2,841 16-to-18-year-old students, 2,037 apprentices, 851 higher education students, 5,825 adult learners and 1,001 Fee paying learners. TCCG has £43 million of net assets (reducing to a net liability of £26.9m after accounting for Pension Liabilities) and no long-term debt. Tangible resources include the five campuses that TCCG owns (TCCG leases land and buildings at Rosewarne and Stoke Climsland).

Stakeholder relationships

In line with other colleges and with universities, TCCG has many stakeholders. These include:

Students
Education sector funding bodies
Staff
Local employers
Local authorities
Government departments / Local Enterprise Partnerships
The local community
Other FE institutions and schools
Trade Unions
Professional bodies

TCCG recognises the importance of these relationships and engages in regular communication with them through various networks, meetings and its online presence.

Public benefit

In setting and reviewing TCCG strategic objectives, the Corporation Board has had due regard to 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. The College acts as a public benefit entity.

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

- High-quality learning and teaching - through our brilliant learning strategy to 12,555 students;
- Widening participation and tackling social exclusion - in particular through being an inclusive organisation with a focus on assisting re-engagement and success for learners with low prior attainment or difficult prior experiences of education, including approximately 192 students with high needs;
- Excellent progression into employment and further study - through preparing learners for work with the Universal, Specialist and Personal learning plan;
- Strong student support systems;
- Strong, innovative and long standing links with employers, industry and commerce - through our focus on innovative collaborations and partnerships; and
- Adjusting courses to meet the needs of local employers and provides training to 2,037 apprentices.

Additional detail of public benefit is demonstrated throughout this report.

**BOARD REPORT
FOR THE YEAR ENDED 31 JULY 2021**

DEVELOPMENT AND PERFORMANCE

Financial results

The Group generated an underlying Operating deficit of £876k in 2020/21 (see table below).

The Group undertook a restructuring exercise during the year, resulting in exceptional redundancy costs of £719k. Coupled with costs associated with FRS102 pension adjustments of £2,362k and loss on the sale of land and properties of £1,612k (this loss excludes the release from revaluation reserve of £1,076k). The Group generated a deficit before other gains or losses of £5,569k.

A negative actuarial valuation on pensions of £3,648k, resulted in a Comprehensive Income deficit of £9,217k.

The following reconciliation is provided in order to present a clearer picture of the Group's underlying operating result, which is a deficit of £876k for 2021 (2020: £445k surplus):

	2021	2020
	£000	£000
Consolidated (deficit)/surplus for the Financial Year	(5,569)	(2,452)
Add back (profit)/loss on sale of assets	1,612	(933)
Restructuring costs	719	1,550
FRS102 pension adjustments included in staff costs	1,433	1,299
FRS102 pension interest costs included in interest costs	929	981
Consolidated underlying operating surplus/(deficit)	(876)	445

The Covid-19 pandemic had a negative impacted on the financial performance of the Group, in particular by a reduction in income relating to the recruitment subsidiary company CCMS (2000) Limited and other commercial activities. The Group also incurred additional Covid-19 related costs (i.e. additional cleaning, sanitisation and social distancing measures) and made refunds to learner relating to unoccupied residential accommodation during lockdown. The reduction in income and additional costs incurred resulted in the overall Group outturn being lower than budgeted. However, in part due to the Government's furlough scheme, as well tight cost control the Group managed to mitigate the impact of Covid-19 as much as possible. The College reacted quickly to implications of Covid 19 on the organisation, accurately forecasted the impact on financial performance and took corrective action to protect cashflow during the year. Despite the impact of Covid-19 the Cornwall College Group has continued to strengthen its financial position.

Cash flows and liquidity

Investment in infrastructure and capital assets of £4,169k during the year was partly offset by increased efficiencies and reduced staffing costs, has resulted in the Group cash balances reducing by £1,694k during the year, leaving a cash balance of £5,014k at the balance sheet date.

The College incurred additional costs of £441k as a result of Covid-19, extra support of £86k was provided by the government to support the in-house lateral flow testing facility in operation during January to March 2021.

The College honoured its obligations to its suppliers in 2020/21 such as landlords for student residential accommodation and free school meals for learners who met the bursary eligibility criteria during the Covid-19 lockdown period.

**BOARD REPORT
FOR THE YEAR ENDED 31 JULY 2021**

Developments

The 2020/21 year started with the knowledge that the college had made significant steps to improve the Quality of Education and the financial position of the group. Following the arrival of the new permanent Chief Executive and Principal he set a clear target for everyone called 'Challenge 90'. This represented a target of 90% for Attendance, Retention and Pass rate. This would have resulted in an overall achievement rate of 81%. Although below the sector average it would be the first time that the College would have an overall achievement rate in the 80s. As a result of "Challenge 90" the overall achievement rate in 2019/20 was 82% which increased again in 2020/21 to 83.7%. (See tables below). This set the beginning of a culture change throughout the organisation of a clear focus on improving the learner experience.

This new ethos was driven by the new Senior Management Team which included 3 Ofsted Inspectors.

The impact was immediate with the significant increase in learner outcomes in 2019/20 improved further in 2020/21. The table below reports a three year positive trend.

Education & Training Headline Performance: 3 Year Trend

Age Group	Level	2018/19				2019/20				2020/21			
		Leavers	Ret %	Pass %	AR %	Leavers	Ret %	Pass %	AR %	Leavers	Ret %	Pass %	AR %
16-18	E	750	85.7	79.8	68.4	771	93.9	81.2	76.3	644	97.4	90.4	88
	1	1,135	86.8	70.4	61.1	1,269	92	67.7	62.3	1,041	92.8	69.3	64.3
	2	2,760	88	92.3	81.2	2,133	94	92.8	87.2	2,112	95.7	89.8	86
	3	1,464	83.8	94.1	78.8	1,247	90.7	97	88	1,185	92.8	96.3	89.4
	4	0	0	0	0	1	100	0	0	0	0	0	0
	Total	6,109	86.5	87.1	75.3	5,421	92.8	86.2	80	4,982	94.6	87.2	82.5
19 +	E	425	92.9	79	73.4	400	95.2	85.6	81.5	204	97.1	84.3	81.9
	1	1,901	96.9	94.2	91.3	858	93.2	90.1	84	1,195	96.3	93.6	90.1
	2	2,111	83.6	93.1	77.8	2,204	90.7	93.3	84.7	2,418	91.9	93.2	85.6
	3	680	84.9	89.1	75.6	655	89.5	96.8	86.6	735	87.8	93.3	81.9
	4	21	85.7	83.3	71.4	15	93.3	92.9	86.7	22	72.7	87.5	63.6
	5	0	0	0	0	0	0	0	0	2	100	100	100
Total	5,138	89.5	91.8	82.1	4,132	91.5	92.4	84.5	4,576	92.5	92.9	85.9	
Total		11,247	87.9	89.3	78.4	9,553	92.2	88.9	82	9,558	93.6	89.9	84.2

Education and Training Headline Performance : 3 Year Trend (Excluding English and Maths)

Age Group	Level	2018/19				2019/20				2020/21			
		Leavers	Ret %	Pass %	AR %	Leavers	Ret %	Pass %	AR %	Leavers	Ret %	Pass %	AR %
16-18	E	190	83.2	96.2	80	203	94.6	96.4	91.1	184	97.3	98.9	96.2
	1	663	89.1	96.3	85.8	550	93.1	95.9	89.3	508	92.3	95.3	88
	2	1,016	88.2	90.8	80.1	847	93.4	94.1	87.8	936	95.3	95	90.5
	3	1,464	83.8	94.1	78.8	1,247	90.7	97	88	1,185	92.8	96.3	89.4
	4	0	0	0	0	1	100	0	0	0	0	0	0
	Total	3,333	86.2	93.6	80.7	2,848	92.2	95.8	88.4	2,813	93.8	95.8	89.9
19 +	E	260	95.8	98.4	94.2	301	97	99.3	96.3	141	97.9	97.1	95
	1	1,728	98.3	98.7	97	711	94.2	97.5	91.8	1,093	97.1	98.1	95.2
	2	1,655	84.9	93	79	1,805	90	94.6	85.1	2,140	91.9	95.3	87.6
	3	680	84.9	89.1	75.6	655	89.5	96.8	86.6	735	87.8	93.3	81.9
	4	21	85.7	83.3	71.4	15	93.3	92.9	86.7	22	72.7	87.5	63.6
	5	0	0	0	0	0	0	0	0	2	100	100	100
Total	4,344	90.9	95.2	86.5	3,487	91.4	96	87.7	4,133	92.6	95.8	88.7	
Total		7,677	88.8	94.5	84	6,335	91.8	95.9	88	6,946	93.1	95.8	89.2

**BOARD REPORT
FOR THE YEAR ENDED 31 JULY 2021**

Developments *continued*

This has not just been achieved by setting a target. There has been significant investment in the systems & processes and staffing structure for supporting and improving the quality of education. In 2019/20 there were 107 teaching staff without a teaching qualification. During 2020/21 this was reduced to zero with all staff having achieved a teaching qualification or working towards one funded by the College.

During the year, the College has continued to make significant progress in meeting the targets set by both the Transaction Unit and Fresh Start process. A clear vision was created to address the historical financial and quality issues using a framework of five key strategic aims (see above) these were revamped in 2020 to meet any changed government priorities.

Whilst also dealing with the Covid-19 pandemic the college has:

- Appointed a highly experienced and dynamic permanent Senior Management Team
- Further embedded Curriculum & Quality systems
- A close strategic relationship has been created with Truro & Penwith College
- LANDEX middle manager development programme for Curriculum Area Managers (CAMs) introduced
- Data Culture including a suite of KPIs / Balanced Scorecard implemented
- System driven Staff Utilisation reporting is in operation
- Capital request process introduced
- In September 2020, increased 16-18 recruitment for the first time in many years with 480 learners above budget
- Achieved the highest learner outcomes for many years (83.7% overall including English and Maths)
- Received praise from both the ESFA and the FE Commissioner for the significant progress that has been made.
- Further embedded the teaching, learning and assessment strategy and related observation process including 'deep dive' methodology.
- Developed a costed curriculum plan
- Significantly strengthened the Group by appointing many new governors from local businesses and now has a well-balanced skill set.

The two major events that happened in 2020/21 were:

1. Very Successful Monitoring visit
Ofsted carried out a monitoring visit (grade 3 college) in February 2021. The report states that the college was given a judgement of 'Significant Progress' on all of the aspects that were inspected. The college has now waived the right to another monitoring visit and have asked to go straight to a full inspection as soon as possible.

The report stated:

A new leadership team was appointed in October 2019. They have made significant progress in remedying the weaknesses identified at the previous inspection. Leaders have systematically reviewed the college curriculum, checking with partners that it now meets the needs of learners and local employment opportunities. Each subject lead has assessed their curricular objectives and carefully considered how best to sequence learning and assessment. Leaders have high expectations and have restructured staff roles and responsibilities to provide a 'clear line of sight' from the senior team to the learner. As a result, staff now have more ownership of their curriculum area and are clear about leaders' aspirations for themselves and their learners.

2. DfE support St Austell new build
In November 2020 the DfE contacted the college to offer support of working together to find a solution to the poor buildings and resources at St Austell. The College and DfE have worked closely throughout the year with the potential of a new build to be opened in September 2024. The contract has been awarded and this will be funded by the DfE.

BOARD REPORT FOR THE YEAR ENDED 31 JULY 2021

Reserves

Cash reserves at the end of the year were £5,014k (2020: £6,709k). Investment in efficiency measures across the Group, coupled with structural staffing changes and curriculum rationalisation completed during 2020/21, has enabled the Group to maintain a positive cash balance throughout the year and enabled the College to continue to invest in its facilities.

The College has restricted reserves of £77k, which relate to a project to provide community use of certain College buildings. The revaluation reserve of £3,500k relates to revaluations of Land and Buildings from incorporation and will be released to the Profit and Loss account over the remaining life of those assets.

Sources of income

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2020/21, ESFA provided 55% of the Group's total income excluding exceptional items.

Group Companies

The College has two active subsidiary companies, CC Education Services Limited and CCMS (2000) Limited. CC Education Services Limited generates solar power that is sold back to the grid at a profit and CCMS (2000) Limited is a recruitment agency. CC Education Services Limited in 2020/21 made a loss of £23,072, this is due to a loss on sale of assets of £63,608. CCMS (2000) Limited made a profit of £65,198 for the year

FUTURE PROSPECTS

Developments

The future for the group is now looking positive with the 3 year business plan providing a balanced budget, which generates cash, alongside increasing the 16-18 learner numbers of retained provision. The cost of dealing with the Covid restrictions and obligations has had a negative impact on many aspects however, the college is now in a position to be able to manage its way through these challenges.

The main capital development that will have a significant impact on the College's future is the planned new build of the St Austell campus. Market analysis and LMI shows significant growth through demographics and market share through quality improvements and the impact of a new campus. The college received £1.4m from the DFE for refurbishment as part of the £200m allocated in phase 1 of the £1.6bn capital money roll-out.

Financial plan

The College Governors approved a three-year financial plan in July 2021, which sets objectives for the period to 2023/24. The Budget for the coming year 2021/22 outlines a small operating deficit, despite Covid-19 impacting on financial performance. The Group has budgeted to remain cash positive throughout 2021/22 to 2023/24, and does not envisage using its overdraft facility during this period.

Treasury policies and objectives

Treasury Management is the management of TCCG'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 Group has treasury management and policy arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. Any borrowing requires the authorisation of the Board and must agree with the requirements of the Financial Memorandum.

BOARD REPORT FOR THE YEAR ENDED 31 JULY 2021

Reserves

The Group has no formal reserves policy but recognises the importance of reserves in the stability of any organisation. The income and expenditure reserve is negative at £30,454k but this is due to the significant long-term pension liability of £69,892k. It is the Group's intention to improve its cash reserves over the medium-term with actions already taken during 2021/22 to ensure cash generation.

Risk management

The Executive Leadership Team (ELT) undertakes a comprehensive review of the risks to which TCCG is exposed on a quarterly basis. They identify systems and procedures, including specific preventable actions, which should mitigate any potential impact of risks on TCCG. Internal controls are then implemented and subsequent appraisals review their effectiveness. Risks and their mitigating actions and progress, are then captured and monitored in a college wide risk register, which is reviewed by both the Audit and Risk Committee and the Board at each of its meetings.

The Audit and Risk Committee reviews, amongst other things, the adequacy and effectiveness of the Group's risk management arrangements and Board assurance framework, and reports to the Board. The Group also engages a firm of internal auditors to undertake a rolling annual plan of reviews to ensure internal controls are adequate. This programme is developed annually by the Audit and Risk Committee and Executive Leadership Team and covers what are considered to be the highest risk areas of work for the College.

Outlined below is a description of the principal risk factors that may affect TCCG. Other factors besides those listed below may also adversely affect TCCG.

Quality

Since the initial concerns of Covid-19 in March 2020 emerged, The Executive Leadership Team have met daily, virtually, in order to act on any emerging priorities that need immediate attention. Curriculum Teams, through a daily morning meeting ensure that key priorities are discussed and addressed. This communication strategy has ensured a consistency of approach and confidence in very challenging times.

The three key principles adopted by TCCG from September 2020 have been as follows:

- Primary position was that learners returned to college in September for face-to-face delivery. This was critical for building effective relationships with our learners and to understand individual and specific ways of working and needs.
- Face-to-face delivery covered as much key practical skills acquisition as possible.
- All programmes moved to Microsoft Teams as the central base for online learning where this is required.

Significant work has been undertaken to ensure learners are able to engage online effectively with 95% of students stating that they have the support they need to learn online in the case of isolation or lockdown. Quality assurance of online learning has taken place as per our quality cycle.

TCCG's tutorial programme focuses on three main areas. 'Safe and included', 'Supported' and 'Successful'. The Code of Conduct activities reinforce how to be safe on campus and Covid-19 safe along with college and British Values. 96% of learners stated that the expected standards of behaviour were made clear to them at induction through the code of conduct, including an online code of conduct. Bullying and harassment are never tolerated and interventions are put in place quickly with a whole team approach resulting in 94% of learners stating that they are treated fairly.

Lesson starter activities have been provided to enable learners to consider how they act online and how to prevent sharing information to those who wish to cause them harm. Online resources are also available to support learners to be safe online. 98% of learners stated that they know how to stay safe online as part their induction survey.

The teaching, learning and assessment strategy introduced for 2020-23 supports curriculum teams in developing their intent, sequencing and their curriculum implementation through targeted support and development and robust quality assurance processes.

In February 2021 the College had its Ofsted Monitoring visit with an outcome of significant progress.

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Quality (continued)

The Corporation has monitored the successful implementation of the quality systems which has significantly improved the quality of education resulting in learner outcomes improving with the 16-18 retention rate increasing from 92.8% in 2019-2020 to 94.6% in 2020-2021. This resulted in the overall Achievement rate rising from 80.0% (2019/20) to 82.5% (2020/21). Achievement rates for 2020/21, do continue to provide some evidence of this improvement, with a 2.5 percentage point increase for 16-18 year old learners and a 1.4 percentage point increase for 19+ learners against 2019/20 outcomes.

Recruitment targets

TCCG has experienced falls in learner recruitment in recent years, in particular for 16-18 year olds due to a combination of a falling population demographic for this age group and competition from other providers. The Group is addressing this decline through improvements to the quality of its offering to students via its Post Inspection Action Plan, mentioned above, and other activities designed to improve quality.

PRINCIPAL RISKS AND UNCERTAINTIES

Cash flow, cost control and future funding risks

Management continue to closely monitor and control income and expenditure to ensure ongoing liquidity. This risk is being managed through regular cashflow forecasting.

The principal financial risk to the Group is a reduction in learner numbers and the resulting reduced group size. The College continues to focus on improving the quality of its provision whilst investing in facilities and teaching resources, for the benefit of the learners. Management data has improved significantly over the year and allows senior management to identify underutilisation of staff quickly, as well as being able to identify low group sizes. This allows for swift action to be taken to maximise resource use and rationalise delivery costs. Accurate and reliable finance data is readily available to management, which means the College is aware of underperforming areas at an early stage and can act accordingly. Cash is forecast on a weekly basis over a three year period, which gives good visibility of potential low points in the future, which the College can then navigate.

KEY PERFORMANCE INDICATORS

KPI	Measure/Target	Actual for 2020/21
Student number target 16-18	3,000	2,841
Student number target apprentices	2,380	2,037
Student number target Higher Education	947	851
Student number target adult learner loans	626	640
Student number target full cost recovery	2,975	1,001
Adult income target	£4,975k	£3,377k
Student achievement 16-18	81%	82.5%
Student achievement 19+	81%	85.9%
Student achievement apprentices (all ages, overall)	72%	62.2%
Student achievement HE (excl level 4)	89%	79.9% (partial 82.9%)
Operating Surplus/(Deficit)	£57k	(£876k)
EBITDA	£1,179k	(£38k)
EBITDA as % of Income	2.2%	(0.07%)
Ofsted rating	Requires improvement*	Requires improvement
Staff satisfaction	65%	74%
Financial health rating	Requires improvement	Requires improvement

* this target represents the fact that the College's own Self-Assessment Report had rated itself as Requires Improvement prior to the Ofsted inspection - it would not be the College's long term target.

Student Achievements

Student achievements are presented in the Key Performance Indicators table above. As described elsewhere in this report, in February 2021, the College underwent an Ofsted monitoring visit and was awarded an outcome of "significant progress."

BOARD REPORT FOR THE YEAR ENDED 31 JULY 2021

Student Achievements *continued*

Improvement in the quality of education across FE, HE and Apprenticeships is a key strategic priority and is being actively addressed through the Ofsted Post Inspection Action Plan and other activities.

Payment performance

The late payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of the goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period there were times when TCCG performance fell below this level due to the process of making two payment runs to suppliers each month. This may result in some suppliers being paid just after the 30 day period. Payments within 30 days averaged 31.8% (19/20: 43%) and within 60 days 62.1% (19/20: 45.9%).

Equal opportunities and employment of disabled persons

TCCG is committed to ensuring equality of opportunity for all who learn and work at the Group. We respect and positively value differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. TCCG's Equality and Diversity Policy, including its Race Relations and Transgender Policies, is published on TCCG's internet site.

TCCG considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. We are a disability confident employer. Where an existing employee becomes disabled, every reasonable effort is made to ensure that employment with TCCG continues. TCCG's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees. An Equality and Diversity Annual Report is published each year following Corporation Board approval.

A gender pay gap report is published every year by TCCG and this is available on its website at the following link: <https://www.cornwall.ac.uk/wp-content/uploads/2021/11/Gender-Pay-Gap-Report-2020.pdf>.

Disability statement

TCCG seeks to achieve the objectives set down in the Equality Act 2010 and the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005:

- TCCG has appointed access co-ordinators who provide information, advice and arrange support where necessary for students with disabilities;
- There is a list of specialist equipment, such as radio aids, which TCCG can make available for use by students and a range of assistive technology is available in the learning centres;
- The admissions policy for all students is outlined in TCCG's charter. Appeals against a decision not to offer a place are dealt with under the complaints policy;

TCCG has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities; counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction; and Specialised programmes are described in College prospectuses, and achievements and destinations are recorded and published.

**BOARD REPORT
FOR THE YEAR ENDED 31 JULY 2021**

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 year	FTE employee number
5	2.5
Percentage of time	
0%	
1-50%	2.5
51-99%	
100%	
Total cost of facility time	£13,132
Total pay bill	£25,938,249
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	100%

Going concern

The College cash reserves remained positive throughout 2020/21 and the College did not require any short-term borrowing. An overdraft facility has been provided by Barclays Bank, but as cash reserves are forecast to remain positive, the College does not envisage using this facility in the short or medium term. The impact of COVID-19 has had a limited impact on the College's cash reserves for 2020/21. The College has factored in a reduction in learner numbers, due to COVID-19 for 2021/22 and continues to forecast a positive cash position in the medium term. Therefore, 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.

Impact of Pension Fund Valuation

The Group had a negative balance sheet as at 31st July 2021 of £26.9m. This was mainly due to the increase in the Cornwall and Devon LGPS pension's liability. The increase in pension fund liability resulted from a lower discount rate assumption regarding future market conditions, lower than expected asset returns and the service cost outstripping employer contributions. These assumptions (which are common to all FE Colleges operating the LGPS Pension and not specific to Cornwall College) were as at the date of the pension valuation and may change in future years. The College had a Pension fund liability at the year-end of £69.9m, however as this is a long term liability it is not considered to have a significant impact on the College's ability to operate.

EVENTS AFTER THE REPORTING PERIOD

There were no significant post balance sheet events to report.

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.

This Board Report was approved by order of the members of the Corporation Board and signed on its behalf by:

Dr I Tunbridge

Chair



Date: 9 December 2021

**CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31 JULY 2021**

The following statement is provided to enable readers of the annual report and financial statements of the Cornwall College Group (TCCG) to obtain a better understanding of its governance and legal structure. This statement covers the year from 1st August 2020 to 31st July 2021 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

1. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
2. 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 Board of Governors, the Group complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2021. The Board of Governors 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 Association of College's Code of Good Governance for English Colleges amended in May 2019 which the Board adopted at its meeting on 8 July 2020.

The Corporation

Name	Date of app't/ re-app't	Category	Term of app't	App't expiry date	Date of leaving	Committee membership	Attendance in 2020/21 %*
Mr M Bailey	1.1.20	External	4 years	31.12.23		Finance and Resources	56
Ms K Burrows	1.1.14 1.1.18	External	4 years	31.12.21		Finance and Resources (Chair) Remuneration Search and Governance	100
Mr P Child (Vice Chair from 6.3.14)	7.3.12 7.3.16 7.3.20	External	2 years	6.3.22		Finance and Resources Remuneration Search and Governance	87
Mr J Crisp	18.10.17	Staff	4 years	17.10.21		Curriculum and Quality	100
Mr J Evans	30.09.19	Principal	Ex officio			Curriculum and Quality, HE, Finance and Resources Search and Governance	90
Mr K Glandfield	9.12.21	Student	1 year	31.7.21		Curriculum and Quality	33
Mr M Hambly	1.9.21	External	4 years	31.8.24		Curriculum and Quality	100
Miss R Harrison	9.12.21	Student	1 year	31.7.21		HE Committee	80
Ms T Hooper	01.11.17	External	4 years	31.10.21		Audit and Risk Curriculum and Quality	100
Dr W Hudson	19.10.16 19.10.20	External	4 years	18.10.24		Curriculum and Quality Remuneration Search and Governance	82

CORNWALL COLLEGE FURTHER EDUCATION CORPORATION

Name	Date of app't/ re-app't	Category	Term of app't	App't expiry date	Date of leaving	Committee membership	Attendance in 2020/21 %
Mr P Newberry	27.11.17 5.2.2020	External	4 years 4 years	26.11.21 4.2.24	Resigned 12.11.18	Audit and Risk (Chair) Remuneration Search and Governance	100
Mr D Sharples	1.8.13 18.10.17	Staff	4 years	17.10.21			100
Mrs A Thomas	1.1.2020	External	4 years	31.12.23		Audit and Risk	88
Dr I Tunbridge OBE (Chair from 1.8.16)	10.12.14 10.12.18	External	4 years	9.12.22		Curriculum and Quality, HE Finance and Resources Remuneration Search and Governance	100
Ms J Warren	16.10.19	External	4 years	15.10.23		Audit and Risk HE	45
Mr G Warring	1.11.17	External	4 years	31.10.21		Audit and Risk Finance and Resources	92
Mrs P Wilde	5.2.2020	External	4 years	4.2.24		HE Committee (Chair) Curriculum and Quality Search and Governance Remuneration	92
Mrs D Wilshire	3.2.21	External	4 years	2.2.25		Curriculum and Quality	100
Mrs E Winser	3.2.21	External	4 years	3.2.25		Finance and Resources	33

*Percentage of total Board and Committee meetings attended excluding special meetings

Miss W Randle acted as the Director of Governance and supported all Board committees during the financial year.

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

**CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31 JULY 2021**

The Corporation is provided with regular and timely information on the overall financial performance of the Group together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation has met nine times during the year - four scheduled meetings and five special meetings.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. During the year these committees were Audit and Risk, Finance and Resources, Curriculum and Quality, Higher Education, Remuneration and Search and Governance. As a result of Covid-19 meetings moved to a virtual platform; Microsoft Teams, as government restrictions eased the Board adopted a hybrid approach to meetings with Governors joining meetings by either Microsoft Teams or in person.

Full minutes of all meetings, excluding those items dealt with as confidential business, in accordance with the Corporation's agreed policy and recorded in the confidential minutes, are available on the College's website or from the Director of Governance at:

Cornwall College Head Office
Tregonissey Road, St. Austell, Cornwall PL25 4DJ.

The Director of Governance maintains a register of financial and personal interests of governors and senior staff. The Governors' register is available for inspection during office hours at the above address.

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

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board and Committee meetings. Briefings on specific strategic matters usually precede Board meetings and are also arranged on an ad-hoc basis along with development sessions. Governors are encouraged to visit campuses and invited to attend a wide variety of events.

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 external 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 of Governors and Principal and Chief Executive (Accounting Officer) are separate.

Appointments to the Corporation

Any appointments to the Corporation Board are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee which is responsible for selecting and recommending for appointment and reappointment any external member for the Corporation's consideration.

During the year ended 31 July 2021 the Search and Governance Committee, comprised six governors including the Chair and Vice Chair of the Board, committee chairs and the Principal and Chief Executive. The committee met four times during the year and reviewed the Board's skills matrix and diversity to ensure that the Board continued to have the necessary skills to carry out its functions and remained committed to equality of opportunity. In the light of its discussions it recommended the reappointment of governors for a second term of office to the Board.

**CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31 JULY 2021**

Members of the Corporation are appointed for a term of office not exceeding four years and can be re-appointed for a second term of four years and exceptionally for further terms. The Corporation is responsible for ensuring that appropriate training and induction for new governors is provided as required.

Due to the retirement of the Corporation Secretary on 1 October 2020, the Board appointed Wendy Randle as the Director of Governance with effect from 1 September 2020.

Subsidiary Companies

The Corporation has three wholly owned subsidiary companies, CC Education Services Limited, CCMS (2000) Limited and Western Edge Limited, a dormant company. The following persons acted as directors of the companies during the year:

Mr J Evans and Dr I Tunbridge were directors of CC Education Services Limited.

Mr PH Child, Mrs M M Elwell, Mr J Evans, Mr C Stratton, Mr G Warring (appointed 5 October 2020) and Mr A Ford (appointed 5 October 2020) were directors of CCMS (2000) Limited.

Mr J Evans and Dr I Tunbridge were directors of Western Edge Limited.

Mrs A M Phillips acted as the Company Secretary for the subsidiary companies until 29 September, with Miss W Randle appointed as Company Secretary with effect from 30 September 2020.

Corporation performance

The Board has reviewed its performance, as a Board and as individual governors, the Board also received an external Board review conducted by the Education and Training Foundation in January 2021. The Board agreed that the reviewed governance arrangements were working well and noted that improvements following the Ofsted Inspection and recruitment of a new Principal and Chief Executive, had been acknowledged by an Ofsted monitoring visit and FEC stock take visit.

Remuneration Committee

During the year ended 31 July 2021, the Remuneration Committee comprised five governors, including the Chair and Vice Chair of the Board and committee chairs. The Principal and Chief Executive is not a member of the committee, which is chaired by the Vice Chair of the Board and met once during the year. Its responsibilities are to decide and report to the Corporation on the remuneration and benefits of the Principal and Chief Executive, other senior post holders and the Director of Governance.

The Board, on the recommendation of the Remuneration Committee, adopted the Association of College's' Senior Staff Remuneration Code with effect from 3 April 2019. This Code identifies fair and appropriate remuneration as the key to the success and development of the college sector.

Details of remuneration for the year ended 31 July 2021 are set out in note 11 to the financial statements.

**CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31 JULY 2021**

Audit and Risk Committee

The Audit and Risk Committee comprised of five governors during the year ended 31 July 2021; plus two co-opted committee members. 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 Group's system of internal control and its arrangements for risk management, control and governance processes.

The Audit and Risk Committee meets at least three times a year, four times last year; four members of the Committee attended 100% of the meetings, one attended 75% and two attended 50%. The Committee provides a forum for reporting by the College's internal and financial statement auditors, who have access to the Committee for independent discussion, without the presence of management. The Committee also receives and considers reports from the Education and Skills Funding Agency (ESFA), Office for Students (OfS) and the European Social Fund (ESF) as they affect the College's business.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit and Risk Committee. Management is responsible for the implementation of agreed audit recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented. The Audit and Risk Committee also advises the Corporation on the appointment of both internal and financial statement auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation. New financial statement auditors were appointed in June 2021.

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 and Chief Executive, 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 individuals holding the role are personally responsible, in accordance with the responsibilities assigned to that role in the Financial Memorandum between the College and the Education and Skills Funding Agency. The Principal and Chief Executive is also responsible for reporting to the Corporation any material weaknesses or break-downs in internal control.

The purpose of the system of internal control

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 for the year ended 31 July 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 JULY 2021

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation Board;
- regular reviews by the Corporation Board of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines; and
- the adoption of formal project management disciplines, where appropriate.

The Group has an internal audit service which is provided on an outsourced basis, 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 Board on the recommendation of the Audit and Risk Committee.

As a minimum, the internal audit service annually provides the Corporation Board with a report on internal audit activity in the Group. The report includes the internal audit service's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

The Board and Audit and Risk Committee adapted well to upholding their governance responsibilities via virtual meetings, and continued to use Microsoft Teams to fulfil their planned meeting schedule, with the introduction of hybrid meetings when government guidelines allowed.

Risks faced by the Corporation

During the year the risk management and recording was updated and implemented. Risks have been reviewed and linked to the College's strategic aims, clear ownership, mitigating actions and clear indication of trend of individual risks. Further information on the principal risks is provided in the strategic report.

Control weaknesses identified

Although all statutory inspections are completed, the internal auditors identified a weakness in the College's estates function regarding the reporting mechanism for these inspections and associated reports. Prior to the audit, the Group were in the process of purchasing specialist estates software to record and monitor.

It was identified during the internal audit that the negotiated apprenticeship price was not included in the written agreement. The College is now auto populating the costing model into written agreements

Responsibilities under funding agreements

The College has complied with all of its funding agreements.

Statement from the Audit and Risk Committee

The Audit and Risk committee has advised the Corporation that there is an effective framework for governance and risk management, with effective internal controls in place.

TCCG have reacted to the Covid-19 situation with the relevant risk assessments and methods of working in place to create a Covid-19 safe place to work. Audit reports undertaken since the start of the pandemic have considered the effects of Covid-19 on the areas being tested.

**CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31 JULY 2021**

All of the internal audit work for 2020/2021 was completed remotely by the College's internal auditors. All audits were completed prior to the signing of the annual accounts with the recommendations incorporated.

The internal audits completed in 2020/2021 and up to the date of the approval of the financial statements were on Financial Planning processes - Cashflow, Human Resources Controls – Recruitment and Selection, Funding Assurance compliance arrangements, GDPR Governance Framework, Estates Management and health and safety framework, Payroll Controls and Follow up. RSM's opinion on the adequacy and effectiveness of TCCG's arrangements was as follows:

The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

Review of effectiveness

As Accounting Officer, the Principal and Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The Principal'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, the regularity auditors and funding auditors, (when relevant) in their management letters and other reports.

The Principal and Chief Executive has been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Audit and Risk Committee which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Executive Leadership Team (ELT) receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The ELT and Audit and Risk Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board's agenda includes consideration of risk and control and to receive reports thereon from the ELT and the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

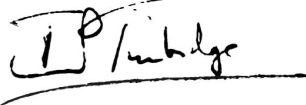
Based on the advice of the Audit and Risk Committee and the Accounting Officer, the Corporation Board is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient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

CORNWALL COLLEGE FURTHER EDUCATION CORPORATION

**CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31 JULY 2021**

This report was approved by order of the members of the Corporation Board and signed on its behalf:

Dr I Tunbridge
Chair

A handwritten signature in black ink, appearing to read 'I Tunbridge', written over a horizontal line.

Date: 9 December 2021

Mr J Evans
Principal and Chief Executive

A handwritten signature in black ink, appearing to read 'J Evans', written over a horizontal line.

Date: 9 December 2021

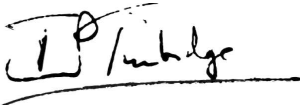
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 JULY 2021

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

We confirm on behalf of the Corporation, that after due enquiry and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the Corporation, or material non-compliance with the terms and conditions of funding under the Corporation's grant funding agreements and contracts with ESFA, or any other public funder.

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

Dr I Tunbridge
Chair



Date: 9 December 2021

Mr J Evans
Principal and Chief Executive



Date: 9 December 2021

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION BOARD

The members of the Corporation Board of the College, as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum between the Education and Skills Funding Agency ('the Agency') and the Corporation Board of the College, the Corporation Board, through its Principal, 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 College Accounts Direction 2020 to 2021 issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements, the Corporation Board are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and accounting 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
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in business.

The Corporation is also required to prepare a Board 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 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.

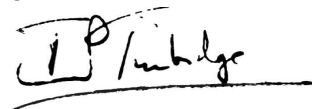
The maintenance and integrity of the College website is the responsibility of the Corporation; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements 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 Board are responsible for ensuring that expenditure and income 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 ESFA are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time. Members of the Corporation Board must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation Board 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 Board and signed on its behalf by:

Dr I Tunbridge

Chair



Date: 9 December 2021

Independent auditors' report to the corporation of Cornwall College Further Education Corporation

Opinion

We have audited the financial statements of Cornwall College Further Education Corporation (the 'corporation') for the year ended 31 July 2021 which comprise the Consolidated and College Statements of Comprehensive Income, the Consolidated and College Balance Sheets, the Consolidated and College Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: Accounting for Further and Higher Education (the 'FE HE SORP') and the College Accounts Direction for 2020 to 2021.

In our opinion, the financial statements:

- give a true and fair view of the state of the group and corporation's affairs as at 31 July 2021 and of the group and corporation's income and expenditure, gains and losses, changes in reserves, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the FE HE SORP, College Accounts Direction 2020 to 2021 and the Office for Students' Accounts Direction.

Basis for opinion

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

Conclusion relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters 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 the corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation Board, 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 group and 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 group and corporation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 group and corporation's performance;
- results of our enquiries of management and the members, including the committees charged with governance over the group and 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 group and 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;
- how the group and parent corporation ensured it met its obligations to its principal regulator, the Secretary of State for Education; 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 group and 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.

CORNWALL COLLEGE FURTHER EDUCATION CORPORATION

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 group and 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, and the FE HE SORP.

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.

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 group and 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.

These procedures were considered at both the parent corporation and subsidiary level as appropriate.

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. 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
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
Devon
PL4 0BN
Date: 15 December 2021

Reporting accountant's assurance report on regularity to the Corporation of Cornwall College Further Education Corporation ("the College") and Secretary of State for Education acting through the Department for Education ("the Department")

In accordance with the terms of our engagement letter dated 11 August 2021 and further to the requirements of funding agreement 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 the College during the period 1 August 2020 to 31 July 2021 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 Audit 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 returns, for which the Department has other assurance arrangements in place.

This report is made solely to the Corporation of the College and Department in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of the 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 the College and the Department for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the College and the reporting accountant

The Corporation of the 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 2020 to 31 July 2021 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 issued jointly 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.

The work undertaken to draw 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);
- Testing transactions with related parties;
- Sample testing of income to ensure that funds have been applied for the purposes that they were awarded., focused on areas assessed as high risk;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referenced to our regularity report.

The list is not exhaustive, and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Code.

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 2020 to 31 July 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

A handwritten signature in black ink that reads "Bishop Fleming LLP". The signature is written in a cursive, flowing style.

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
Devon
PL4 0BN
Date: 15 December 2021

CORNWALL COLLEGE FURTHER EDUCATION CORPORATION

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021**

	Note	2021 £000	<i>Restated</i> 2020 £000
Income			
Funding body grants	4	28,799	32,070
Tuition fees and education contracts	5	9,857	11,137
Research grants and contracts	6	4,864	4,136
Other income	7	9,104	11,529
Investment income	8	1	17
Total income		52,625	58,889
Expenditure			
Staff costs including exceptional restructuring costs of £719k (2020:£1,550k)	10	(35,650)	(39,233)
Other operating expenses	12	(16,435)	(18,789)
Depreciation	16/17	(3,565)	(3,230)
Interest and other finance costs	14	(932)	(1,022)
Total expenditure		(56,582)	(62,274)
(Deficit) before other gains and other losses		(3,957)	(3,385)
(Loss)/profit on disposal of fixed assets		(1,612)	933
(Deficit) before tax		(5,569)	(2,452)
Taxation	15	-	-
(Deficit) for the financial year		(5,569)	(2,452)
Actuarial losses on defined benefit pension scheme		(3,648)	(15,622)
Other comprehensive (expense) for the financial year		(3,648)	(15,622)
Total comprehensive (expense) for the financial year		(9,217)	(18,074)
(Deficit) for the financial year attributable to:			
Owners of the parent College		(5,569)	(2,452)
(Deficit) for the financial year		(5,569)	(2,452)
Total comprehensive (expense) for the financial year attributable to:			
Owners of the parent College		(9,217)	(18,074)
Total comprehensive (expense) for the financial year		(9,217)	(18,074)

The notes on pages 35 to 65 form part of these financial statements.

CORNWALL COLLEGE FURTHER EDUCATION CORPORATION

**COLLEGE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021**

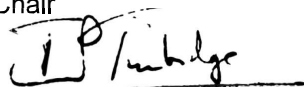
		2021	Restated
		£000	2020
			£000
Income			
Funding body grants	4	28,799	32,070
Tuition Fees And Education Contracts	5	9,857	11,137
Research grants and contracts	6	4,864	4,136
Other income	7	5,817	7,441
Investment income	8	1	17
Total income		49,338	54,801
Expenditure			
Staff costs including exceptional restructuring costs of £719k (2020: £1,550k)	10	(35,031)	(38,464)
Other operating expenses	12	(13,894)	(15,054)
Depreciation	16/17	(3,548)	(3,216)
Interest and other finance costs	14	(932)	(1,022)
Total expenditure		(53,405)	(57,756)
(Deficit)/surplus before other gains and losses		(4,067)	(2,955)
(Loss)/profit on disposal of fixed assets		(1,549)	933
(Deficit) before tax		(5,616)	(2,022)
Taxation		-	-
(Deficit) for the financial year		(5,616)	(2,022)
Actuarial losses on defined benefit pension scheme		(3,648)	(15,622)
Other comprehensive expense for the financial year		(3,648)	(15,622)
Total comprehensive (expense) for the financial year		(9,264)	(17,644)

CORNWALL COLLEGE FURTHER EDUCATION CORPORATION
CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	16	158	192
Tangible assets	17	85,925	89,148
Investments	18	15	15
		<u>86,098</u>	<u>89,355</u>
Current assets			
Stocks	19	658	559
Debtors	20	4,422	4,385
Cash at bank and in hand	21	5,014	6,709
		<u>10,094</u>	<u>11,653</u>
Creditors: amounts falling due within one year	22	<u>(7,722)</u>	<u>(6,711)</u>
Net current assets		<u>2,372</u>	<u>4,942</u>
Total assets less current liabilities			
		88,470	94,297
Creditors: amounts falling due after more than one year	23	(43,476)	(45,229)
Provisions for liabilities			
Other provisions	26	<u>(1,979)</u>	<u>(2,828)</u>
Net assets excluding pension liability		43,015	46,240
Pension liability	29	<u>(69,892)</u>	<u>(63,899)</u>
Net (liabilities)/assets		<u><u>(26,877)</u></u>	<u><u>(17,659)</u></u>
Capital and reserves			
Revaluation reserve	27	3,500	4,806
Restricted reserve	27	77	77
Income and expenditure reserve	27	<u>(30,454)</u>	<u>(22,542)</u>
		<u>(26,877)</u>	<u>(17,659)</u>

The financial statements were approved and authorised for issue by the Corporation and were signed on its behalf by:

Dr I Tunbridge
Chair



Date: 9 December 2021

J Evans
Principal and Chief Executive



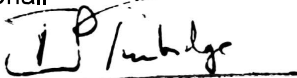
Date: 9 December 2021

**COLLEGE BALANCE SHEET
AS AT 31 JULY 2021**

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	16	158	192
Tangible assets	17	85,771	88,913
Investments	18	15	15
		<u>85,944</u>	<u>89,120</u>
Current assets			
Stocks	19	658	559
Debtors	20	4,500	4,241
Cash at bank and in hand	21	4,260	6,316
		<u>9,418</u>	<u>11,116</u>
Creditors: amounts falling due within one year	22	(6,967)	(5,966)
		<u>2,451</u>	<u>5,150</u>
Net current assets		<u>2,451</u>	<u>5,150</u>
Total assets less current liabilities		<u>88,395</u>	<u>94,270</u>
Creditors: amounts falling due after more than one year	23	(43,476)	(45,229)
Provisions for liabilities			
Other provisions	26	(1,979)	(2,828)
Net assets excluding pension liability		<u>42,940</u>	<u>46,213</u>
Pension liability	29	(69,892)	(63,899)
Net liabilities		<u>(26,952)</u>	<u>(17,686)</u>
Capital and reserves			
Revaluation reserve	27	3,500	4,806
Restricted reserve	27	77	77
Income and expenditure reserve	27	(30,529)	(22,569)
		<u>(26,952)</u>	<u>(17,686)</u>

The financial statements were approved and authorised for issue by the Corporation and were signed on its behalf by:

Dr I Tunbridge
Chair



Date: 9 December 2021

J Evans
Principal and Chief Executive



Date 9 December 2021

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2021**

	Revaluation reserve £000	Restricted reserve £000	Income and Expenditure reserve £000	Total reserves £000
At 1 August 2020	4,806	77	(22,542)	(17,659)
Comprehensive expense for the financial year				
Deficit for the financial year	-	-	(5,569)	(5,569)
Actuarial losses on pension scheme	-	-	(3,649)	(3,649)
Total comprehensive expense for the financial year	-	-	(9,218)	(9,218)
Contributions by and distributions to owners				
Transfer from revaluation reserve to income and expenditure reserve	(229)	-	229	-
Release of revaluation reserve on sale of assets	(1,076)	-	1,076	-
Total transactions with owners	(1,305)	-	1,305	-
At 31 July 2021	3,501	77	(30,455)	(26,877)

**COLLEGE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2021**

	Revaluation reserve £000	Restricted reserve £000	Income and expenditure reserve £000	Total reserves £000
At 1 August 2020	4,806	77	(22,569)	(17,686)
Comprehensive expense for the financial year				
Deficit for the financial year	-	-	(5,617)	(5,617)
Actuarial losses on pension scheme	-	-	(3,649)	(3,649)
Total comprehensive expense for the financial year	-	-	(9,266)	(9,266)
Transfer from revaluation reserve to income and expenditure reserve	(229)	-	229	-
Release of revaluation reserve on sale of assets	(1,076)	-	1,076	-
Total transactions with owners	(1,305)	-	1,305	-
At 31 July 2021	3,501	77	(30,530)	(26,952)

The notes on pages 35 to 65 form part of these financial statements.

CORNWALL COLLEGE FURTHER EDUCATION CORPORATION

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2021**

	2021	Restated*
	£000	2020
		£000
Cash flows from operating activities		
(Deficit) for the financial year	(5,569)	(2,452)
Adjustments for:		
Interest payable	932	1,022
Depreciation of tangible assets	3,565	3,231
Profit/(loss) on disposal of tangible assets	1,612	(933)
(Decrease)/increase in stocks	(99)	51
(Decrease)/increase in debtors	(48)	2,959
Increase in creditors	738	3,649
(Decrease)/increase in provisions	(849)	768
Difference between pension charge and contributions paid	2,345	2,280
Net cash generated from operating activities	2,627	10,575
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(192)
Purchase of tangible assets	(4,169)	(6,806)
Sale of tangible assets	727	1,362
Net cash used in investing activities	(3,442)	(5,636)
Cash flows from financing activities		
Repayment of loans	-	(6)
New finance leases	53	80
Interest paid	(932)	(1,022)
Net cash generated (used in) financing activities	(879)	(948)
Net (Decrease)/increase in cash and cash equivalents	(1,694)	3,991
Cash and cash equivalents at beginning of year	6,708	2,717
Cash and cash equivalents at the end of year	5,014	6,708
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	5,014	6,709
Bank overdrafts	-	(1)
	5,014	6,708

The notes on pages 35 to 65 form part of these financial statements.

*Restated to correctly attribute funds received from sale of assets and release of grant monies

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

1. General information

Cornwall College Further Education Corporation (the "College") is a further education college.

The College is an exempt charity for the purposes of the Charities Act 2011 and is registered in the United Kingdom. The address of its registered office is: Cornwall College, Head Office, Tregonissey Road, St. Austell, Cornwall, PL25 4DJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with the Statement of Recommended Practice (SORP): Accounting for further and higher education 2019 and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland. The financial statements conform to guidance published jointly by the Education Skills Funding Agency - ESFA) in the 2020/21 Accounts Direction Handbook.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Going concern

The College cash reserves remained positive throughout 20/21 and did not require any short-term borrowing. An overdraft facility has been provided by Barclays Bank, but as cash reserves are forecast to remain positive, the College does not envisage using this facility in the short or medium term. The impact of COVID-19 had a limited impact on the College's cash reserves during 19/20 and 20/21. The College has forecast moderate growth in learner numbers in-line with increased demographic and continues to forecast a positive cash position in the medium term. The negative balance sheet position for TCCG is wholly due to the pension deficit amount of £69.89M, as this is considered a long-term debt this has minimal effect on going concern for the short to medium term. Business plans have been completed and agreed with budgets outlining income and spend for the 3 years to 2023/24, these include detailed cashflows, budgets have been stress tested with several downside scenarios each of which include details of mitigating factors the group would take to ensure cash resources are maintained. Therefore, the Group 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.

Please refer to the Board Report for further information around the future prospects of the Group.

2.3 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquirer's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group chose not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 August 2014.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

2. Accounting policies (continued)

2.4 Recognition of income

The recurrent grants from the funding bodies and OFS represent the funding allocations attributable to the current financial year and are credited directly to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income.

Funding body recurrent grants are recognised in line with best estimates for the year of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult learner responsive funding 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 bodies at the end of November following the year end. Employer responsive grant income is recognised based on a year- end reconciliation of income claimed and actual delivery with the ESFA. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Other discrete Funding body funds received during the year are taken to income as expenditure is incurred in line with the specific terms and conditions attached to each fund by the Funding bodies.

Where the College receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the College does not have direct control over the future economic benefits derived from these funds. The College has applied this policy to certain funds received during the year from the Funding bodies (see note 34).

Non-recurrent grants from the funding bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from tuition fees are recognised net of discounts in the year for which it is receivable and includes all fees payable by students or their sponsors.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

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

2.5 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

2. Accounting policies (continued)

2.5 Tangible assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	25-50 years
Long-term leasehold property	Shorter of 50 years and period of lease
Short-term leasehold property	Shorter of 50 years and period of lease
Office equipment	3-25 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.6 Intangible assets

Software is capitalised over 5 years or in accordance with its useful life.

The College depreciates its assets in the year after acquisition.

2.7 Revaluation of tangible assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

2. Accounting policies (continued)

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the College's cash management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

2. Accounting policies (continued)

2.12 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees through the 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 within the College in such a way that the pension costs 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 expenses in the income statement in the years during which services are rendered by employees.

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees through the Devon County Council and Cornwall County Council Local Government Pension Schemes (LGPS). A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the Balance Sheet date less the fair value of plan assets at the Balance Sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the year; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

2. Accounting policies (continued)

2.16 Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.19 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-governmental, 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.

2.20 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 pensions 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 pensions spreadsheet provided by the funding bodies.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

2. Accounting policies (continued)

2.21 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 related to leases signed after 1st August 2014 are spread over the minimum lease term.

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 an obligation under finance leases. 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.

2.22 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 3% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

2.23 Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Judgements in applying accounting policies

(i) Exemptions on transition to FRS 102

The Company has elected to use the previous UK GAAP valuation of certain items of land and buildings as the deemed cost on transition to FRS 102. The items are being depreciated from the date of transition (1 July 2015) in accordance with the company's accounting policies.

(b) Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 18 for the carrying amount of the property plant and equipment, and note 2.5 for the useful economic lives for each class of assets.

(ii) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 21 for the net carrying amount of the debtors and associated impairment provision.

(iii) Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Balance Sheet. The assumptions reflect historical experience and current trends. See note 31 for the disclosures relating to the defined benefit pension scheme.

4. Funding body grants

	Group	Restated*	College	Restated*
	2021	Group	2021	College
	£000	2020	£000	2020
		£000		£000
Recurrent grant	20,951	22,061	20,951	22,061
Non-recurrent grant	6,723	9,323	6,723	9,323
Releases of deferred capital grants (from funding bodies)	1,125	686	1,125	686
	28,799	32,070	28,799	32,070

*Restated to remove 16-18 bursary income

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

5. Tuition fees and education contracts

	Group 2021 £000	Group 2020 £000	College 2021 £000	College 2020 £000
Tuition fees	8,756	9,985	8,756	9,985
Education contracts	1,101	1,152	1,101	1,152
	9,857	11,137	9,857	11,137

6. Research grants and contracts

	Group 2021 £000	Group 2020 £000	College 2021 £000	College 2020 £000
European Commission	2,497	2,612	2,497	2,612
Other grants and contracts	2,367	1,524	2,367	1,524
	4,864	4,136	4,864	4,136

7. Other income

	Group 2021 £000	Group 2020 £000	College 2021 £000	College 2020 £000
Farming activities	1,338	1,289	1,338	1,289
Recruitment services	3,225	3,867	15	-
Releases from deferred capital grants (non-ESFA)	785	826	785	826
Release from restructuring facility grant	-	1,699	-	1,699
Other income	3,756	3,848	3,679	3,627
	9,104	11,529	5,817	7,441

8. Investment income

	Group 2021 £000	Group 2020 £000	College 2021 £000	College 2020 £000
Bank interest receivable	1	17	1	17

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 JULY 2021**

9. OFS grant and fee income

	Group 2021 £000	Restated Group 2020 £000	College 2021 £000	Restated College 2020 £000
Grant income from the OFS	590	554	590	554
Grant income from other bodies	28,327	33,143	28,327	33,143
Fee income for taught awards (ex. VAT)	6,044	6,669	6,044	6,669
Fee income from non-qualifying courses (ex. VAT)	2,929	3,590	2,929	3,590
	37,890	43,956	37,890	43,956

*Restated to remove 16-18 bursary expenditure

10. Staff costs

The average monthly number of persons employed by the Group (including senior post holders) during the year, expressed as full-time equivalents, was as follows:

	Group 2021 Number	Group 2020 Number	College 2021 Number	College 2020 Number
Teaching staff	412	425	412	425
Non teaching staff	611	653	591	632
	1,023	1,078	1,003	1,057

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 JULY 2021**

10. Staff costs (continued)

Staff costs for the above persons were as follows:

	Group 2021 £000	Group 2020 £000	College 2021 £000	College 2020 £000
Teaching staff	17,750	16,578	17,750	16,578
Non teaching staff	15,299	18,951	14,680	18,182
Restructuring costs	719	1,550	719	1,550
Contracted out services	439	854	439	854
Local Government pension retirement benefit charge	1,443	1,300	1,443	1,300
	35,650	39,233	35,031	38,464

	Group 2021 £000	Group 2020 £000	College 2021 £000	College 2020 £000
Wages and salaries	26,825	28,451	26,300	27,774
Social security costs	2,146	2,268	2,094	2,204
Other pension costs	5,521	6,110	5,479	6,082
Restructuring costs	719	1,550	719	1,550
Payroll sub total	35,211	38,379	34,592	37,610
Contracted out services	439	854	439	854
	35,650	39,233	35,031	38,464

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 JULY 2021**

11. Emoluments of senior post holders and members

Senior postholders are defined as members of the senior management team.

	Group 2021 Number	Group 2020 Number	College 2021 Number	College 2020 Number
The number of senior postholders including the Principal was	3	3	3	3

Senior postholders' emoluments are made up as follows:

	Group 2021 £000	Group 2020 £000	College 2021 £000	College 2020 £000
Salaries	421	299	421	299
Taxable benefits	36	-	36	-
Pension contributions	78	68	78	68
Total emoluments	535	367	535	367

The emoluments of the principal are made up as follows:

	Group 2021 £000	Group 2020 £000	College 2021 £000	College 2020 £000
Salaries	195	163	195	163
Taxable benefits	36	-	36	-
Pension contributions	31	39	31	39
	262	202	262	202

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 JULY 2021**

11. Emoluments of senior post holders and members (continued)

Group and College

	2021	2021	2020	2020
	Number of senior post- holders	Number of other staff	Number of senior post- holders	Number of other staff
£20,0001 to £30,000	-	1	-	1
£50,001 to £60,000	-	1	-	2
£60,001 to £70,000	-	-	1	1
£70,001 to £80,000	-	2	-	2
£80,001 to £90,000	-	-	-	1
£90,001 to £100,000	-	2	-	-
£100,001 to £110,000	1	-	1	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	-	-	-
£200,001 to £210,000	-	-	1	-
£210,001 to £220,000	-	-	-	-
£220,001 to £230,000	-	-	-	-
£230,001 to £240,000	1	-	-	-

Key management personnel who left during the year have not been included in the figures above

The College uses the AOC's Senior Pay Survey Benchmarking information to set senior post holder's pay and benchmarks itself against colleges of similar size using the survey's stratification of colleges based on levels of income.

The College's policy on staff earning income from external activities is that if those activities occur during what would otherwise be normal working times for staff members that the income for such work should be paid to the college or the staff member concerned should take annual or unpaid leave.

The College's pay multiplier comparing the basic salary of the Principal to that of the median salary for all other staff was x 7.8.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

12. Other operating expenses

	Group	Restated	College	Restated
	2021	Group	2021	College
	£000	2020	£000	2020
		£000		£000
Teaching costs	6,744	7,126	6,715	7,066
Non teaching costs	6,542	8,321	4,064	4,700
Premises costs	3,149	3,342	3,115	3,288
	16,435	18,789	13,894	15,054

Other operating expenses include:

	Group	Group	College	College
	2021	2020	2021	2020
	£000	£000	£000	£000
Auditors' remuneration:				
External Audit*	52	56	40	44
Internal audit**	34	20	34	20
Other services from external audit	17	38	0	24
Other services from internal audit	12	0	12	0
Operating lease charges	158	156	158	156

* Includes £39,516 in respect of the College (2020: £44,088)

** The remuneration is wholly in respect of the College

13. Access and participation expenditure

Consolidated and College					
	Staff Costs	Other	Restated	Restated	
	2021	Operating	Staff Costs	Other	
	£000	Expenses	2020	Operating	
		2021	£000	Expenses	
		£000		2020	
			£000	£000	
Access investment	129	8	71	70	
Financial support	3	100	4	73	
Financial support Covid-19 hardship	-	84	-	-	
Disability support	83	-	74	-	
Research and evaluation	6	-	5	-	
	221	192	154	143	

The College's Access and Participation Plans are available at: <https://www.officeforstudents.org.uk/advice-and-guidance/the-register/search-for-access-and-participation-plans/#/AccessPlans/accessplans/10001696>

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 JULY 2021**

14. Interest and other finance costs

	Group 2021 £000	Group 2020 £000	College 2021 £000	College 2020 £000
On bank loans and overdrafts	2	-	2	-
Enhanced pensions	28	41	28	41
Local Government pensions	902	981	902	981
	932	1,022	932	1,022

15. Taxation

Profits generated by trading companies are gift aided to the College and the companies are therefore charged corporation tax of £Nil (2020: £Nil).

There is no tax charge due to the exemption provided under the Charities Act 2011.

16. Intangible assets

Group and College	Computer software £000
At 1 August 2020	192
Additions	4
At 31 July 2021	196
Accumulated depreciation	
At 1 August 2020	-
Charge for year	38
At 31 July 2021	38
Net book value	
At 31 July 2021	158
At 31 July 2020	192

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

17. Tangible assets

Group

	Freehold property £000	Long-term leasehold property £000	Short-term leasehold property £000	Office equipment £000	Total £000
Cost					
At 1 August 2020	104,801	9,607	1,443	17,871	133,722
Additions	1,209	462	-	2,498	4,169
Disposals	(6,299)	(17)	-	(1,665)	(7,981)
At 31 July 2021	99,711	10,052	1,443	18,704	129,910
Depreciation					
At 1 August 2020	28,900	1,611	1,375	12,688	44,574
Charge for the year on owned assets	2,020	193	8	1,306	3,527
Disposals	(2,575)	(2)	-	(1,539)	(4,116)
At 31 July 2021	28,345	1,802	1,383	12,455	43,985
Net book value					
At 31 July 2021	71,366	8,250	60	6,249	85,925
At 31 July 2020	75,901	7,996	68	5,183	89,148

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

17. Tangible assets (continued)

College

	Freehold property £000	Long-term leasehold property £000	Short-term leasehold property £000	Office equipment £000	Total £000
Cost					
At 1 August 2020	104,801	9,607	1,443	17,497	133,348
Additions	1,209	462	-	2,499	4,170
Disposals	(6,299)	(17)	-	(1,564)	(7,880)
At 31 July 2021	99,711	10,052	1,443	18,432	129,638
Depreciation					
At 1 August 2020	28,901	1,611	1,375	12,549	44,436
Charge for the year on owned assets	2,020	194	8	1,288	3,510
Disposals	(2,575)	(2)	-	(1,501)	(4,078)
At 31 July 2021	28,346	1,803	1,383	12,334	43,868
Net book value					
At 31 July 2021	71,365	8,249	60	6,096	85,770
At 31 July 2020	75,900	7,996	68	4,949	88,913

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

17. Tangible assets (continued)

Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by Stratton & Holborrow, a firm of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

The Company applied the transitional arrangements of Section 35 of FRS 102 and used a previous valuation as the deemed cost for its land and buildings. The land and buildings are being depreciated from the valuation date. As the assets are depreciated or sold an appropriate transfer is made from the revaluation reserve to retained earnings.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2021	2020
	£000	£000
Group and College		
Revaluation	3,500	4,806
Net book value	3,500	4,806

Land and buildings with a net book value of £35,946,000 (2020: £37,607,000) have been financed from exchequer funds. Should these assets be sold, the College may be liable, under the terms of the financial memorandum with the Council, to surrender the proceeds.

Fixed assets include land and buildings with a net book value of £43,242,000 (2020: £45,014,000) which have been partially funded by a grant from the funding agencies. The receipt in the current year was £1,694,000 (2020: £5,574,000). The Council does not have the power to guarantee future funding streams to colleges and cannot guarantee that this funding will continue after the current year. Provision has not, therefore, been made for anticipated future receipts.

The net book value of equipment includes an amount of £152,713 (2020: £155,027) in respect of assets held under finance leases.

18. Investments

Group and College

	Investments In subsidiary companies £000
Cost and net book value	
At 1 August 2020	15
At 31 July 2021	15

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

18. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the College:

Name	Registered office	Principal activity	Class of shares	Holding
CC Education Services Limited	Cornwall College, Tregonissey Road, St Austell, Cornwall, PL25 4DJ	Supply of property services	Ordinary	100 %
CCMS (2000) Limited	Cornwall College, Tregonissey Road, St Austell, Cornwall, PL25 4DJ	Supply of recruitment services	Ordinary	100 %
Western Edge Limited	Cornwall College, Tregonissey Road, St Austell, Cornwall, PL25 4DJ	Dormant	Limited by guarantee	

19. Stocks

	Group 2021 £000	Group 2020 £000	College 2021 £000	College 2020 £000
Livestock and growing crops	436	347	436	347
Consumables and goods for resale	222	212	222	212
	658	559	658	559

The difference between purchase price or production cost of stocks and their replacement cost is not material.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

20. Debtors

	Group 2021 £000	Group 2020 £000	College 2021 £000	College 2020 £000
Amount due within one year				
Trade debtors	1,246	1,468	618	942
Amounts owed by group undertakings	-	-	803	501
Other debtors	1,172	1,543	1,082	1,434
Prepayments and accrued income	2,004	1,374	1,997	1,364
	4,422	4,385	4,500	4,241

Trade debtors includes a provision for impairment of £Nil (2020: £Nil).

21. Cash at bank and in hand

	Group 2021 £000	Group 2020 £000	College 2021 £000	College 2020 £000
Cash at bank and in hand	5,014	6,709	4,260	6,316

22. Creditors: amounts falling due within one year

	Group 2021 £000	Group 2020 £000	College 2021 £000	College 2020 £000
Bank overdrafts	-	1	-	1
Bank loans	-	-	-	-
Payments received on account	591	651	591	651
Trade creditors	944	184	941	184
Amounts owed to group undertakings	-	-	(226)	(236)
Other amounts owed to funding bodies	2,296	751	2,296	751
Other taxation and social security	54	116	-	-
Obligations under finance lease and hire purchase contracts	62	52	62	52
Other creditors	72	67	72	67
Accruals and deferred income	3,703	4,889	3,231	4,496
	7,722	6,711	6,967	5,966

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 JULY 2021**

23. Creditors: amounts falling due after more than one year

	Group 2021 £000	Group 2020 £000	College 2021 £000	College 2020 £000
Deferred capital grants	43,385	45,122	43,385	45,122
Net obligations under finance leases and hire purchase contracts	91	103	91	103
Restructuring facility grants	-	4	-	4
	43,476	45,229	43,476	45,229

24. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2021 £000	Group 2020 £000	College 2021 £000	College 2020 £000
Within one year	62	52	62	52
Between 1-5 years	91	103	91	103
	153	155	153	155

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 JULY 2021**

25. Deferred capital grants

Group & College	ESFA £000	Other grants £000	Total £000
At 1 August 2020			
Land and buildings	17,543	24,244	41,787
Equipment	2,991	294	3,285
Software	178	-	178
	20,712	24,538	45,250
Capital grants received/due:			
Land and buildings	692	312	1,004
Equipment	190	372	562
Software	-	-	-
Released to income and expenditure account:			
Land and buildings	(812)	(1,751)	(2,563)
Equipment	(723)	(110)	(833)
Released on disposal of fixed assets	(36)	-	(36)
	20,023	23,361	43,384
At 31 July 2021			
Land and buildings	17,423	22,805	40,228
Equipment	2,458	556	3,014
Software	142	-	142
At 31 July 2021	20,023	23,361	43,384

Non-recurrent grants received from the funding bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with the depreciation over the life of the fixed assets.

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 JULY 2021**

26. Other provisions

Group and College

	Enhanced Pensions £000	Restructuring £000	Total £000
At 1 August 2020	2,109	719	2,829
Charged to profit or loss	(30)	719	689
Utilised in year	(135)	(1,403)	(1,539)
At 31 July 2021	1,944	35	1,979

Contractual enhanced pension payments made in year to past employees pension funds. Restructuring costs include redundancy payments paid to employees and attributable costs in relation to these.

27. Reserves

Revaluation reserve

The revaluation reserve represents any increases in the carrying amounts of tangible assets on revaluation.

Restricted reserve

The restricted reserve represents amounts recognised in the Statement of Comprehensive Income which are restricted by legally binding conditions to specific purposes.

Income and expenditure reserve

The income and expenditure reserve represents all net gains and losses and transactions with owners (e.g. dividends) that are not recognised elsewhere.

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 JULY 2021**

28. Contingent liabilities Group and College

During 2018/19 the College recognised £22.1m in income associated with its Department of Education Restructuring Facility. Other project costs represent in year costs incurred in support of improving the College's financial and quality outcomes, including: staff restructuring costs, legal costs, curriculum efficiency reviews and resources to improve the quality of education delivery.

The College is required to achieve several outcomes as per the agreement, which the College is confident of achieving. However, if not all outcomes are achieved, the funding received could be paid back to the Department of Education.

29. Pension liability

The College's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. The schemes are managed by Hymans Robertson LLP for the Cornwall Council scheme and Barnett Waddingham Consulting firm for the Devon County Council scheme. Both are defined- benefit schemes.

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 5 March 2019. The key results of the valuation are:

- New employer contribution rates were set at 23.68% of pensionable pay (including administration fees of 0.08%);
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million;
- an employer cost cap of 10.9% of pensionable pay;
- the assumed real rate of return is 2.8% pa real; 4.86% pa nominal until 2019 and then 2.4% pa real; 4.45% nominal.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

29. Pension liability (continued)

The new employer contribution rate for the TPS was implemented in September 2019. The next valuation of the TPS is currently underway based on April 2020 data.

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/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to the TPS in the year amounted to £2,774,005 (2020: £2,494,463).

Mortality

The expectations of life are explained as being representative of the average mortality assumption across the whole Fund membership such that there may be some differences in either the current year or prior year or in the relative movements year on year from the actual assumption applied for the College membership.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

29. Pension liability (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by Cornwall Council and Devon Council Local Authorities. The total contribution made for the year ended 31 July 2021 was £3,031,000 (2020: £3,351,000) of which employers' contributions totalled £2,545,000 (2020: £2,786,000) and employees' contributions totalled £486,000 (2020: £565,000).

The pensions cost is assessed every three years in accordance with the advice of a qualified independent actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 July 2021
Actuarial method	Projected Unit
Pension increases per annum	2.85%
Salary scale increases per annum	3.35%
Market value of assets at date of last valuation (Cornwall and Devon Schemes)	£110.518m

Cornwall Council pensions and similar obligations

Composition of plan assets:

	2021	2020
	£000	£000
Equities	55,977	46,755
Bonds	35,354	32,902
Property	5,892	5,195
Cash	982	1,732
Total plan assets	98,205	86,584
	2021	2020
	£000	£000
Fair value of plan assets	98,205	86,584
Present value of plan liabilities	(158,123)	(140,547)
Net pension scheme liability	(59,918)	(53,963)

The amounts recognised in profit or loss are as follows:

	2021	2020
	£000	£000
Current service cost	(3,494)	(3,695)
Net interest on obligation	(764)	(849)
Losses on curtailments and settlements	(99)	(55)
Total	(4,357)	(4,599)
Actual return on scheme assets	11,177	(2,227)

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 JULY 2021**

29. Pension liability (continued)

Reconciliation of fair value of plan liabilities were as follow:

	2021	2020
	£000	£000
Opening defined benefit obligation	(140,547)	(127,785)
Current service cost	(3,494)	(3,750)
Interest cost	(1,978)	(2,709)
Contributions by scheme participants	(446)	(517)
Actuarial losses	(13,976)	(8,173)
Past service costs (including curtailments)	(99)	-
Benefits paid	2,417	2,387
Closing defined benefit obligation	(158,123)	(140,547)

Reconciliation of fair value of plan assets were as follows:

	2021	2020
	£000	£000
Opening fair value of scheme assets	86,584	88,016
Interest income on plan assets	1,214	1,860
Actuarial gains/(losses)	9,963	(4,087)
Contributions by employer	2,415	2,665
Contributions by scheme participants	446	517
Benefits paid	(2,417)	(2,387)
	98,205	86,584

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2021	2020
	%	%
Discount rate	1.6	1.4
Future salary increases	2.85	2.2
Future pension increases	2.85	2.2
Mortality rates		
- for a male aged 65 now	21.5 years	21.4 years
- at 65 for a male aged 45 now	22.8 years	22.3 years
- for a female aged 65 now	24.1 years	23.6 years
- at 65 for a female member aged 45 now	25.8 years	25.0 years

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

29. Pension liability (continued)

Devon County Council pensions and similar obligations

Composition of plan assets:

	2021	2020
	£000	£000
Equities	1,258	1,322
Overseas equities	6,469	4,841
Gilts	1,630	390
Other bonds	236	497
Property	970	851
Infrastructure	457	441
Cash	117	119
Alternative assets	1	670
Absolute return funds	1,175	1,332
Total plan assets	12,313	10,463

	2021	2020
	£000	£000
Fair value of plan assets	12,313	10,463
Present value of plan liabilities	(22,287)	(20,399)
Net pension scheme liability	(9,974)	(9,936)

The amounts recognised in profit or loss are as follows:

	2021	2020
	£000	£000
Current service cost	(388)	(318)
Net interest on obligation	(138)	(132)
Administrative expenses	(7)	(8)
Total	(533)	(458)
Actual return on scheme assets	1,973	(310)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

29. Pension liability (continued)

Reconciliation of fair value of plan liabilities were as follow:

	2021	2020
	£000	£000
Opening defined benefit obligation	(20,399)	(17,008)
Current service cost	(364)	(327)
Interest cost	(284)	(363)
Contributions by scheme participants	(40)	(48)
Actuarial (losses)/gains	(1,462)	(2,931)
Past service costs (including curtailments)	(24)	-
Benefits paid	286	278
Closing defined benefit obligation	(22,287)	(20,399)

Reconciliation of fair value of plan assets were as follows:

	2021	2020
	£000	£000
Opening fair value of scheme assets	10,463	10,780
Interest income on plan assets	146	231
Actuarial (losses)/gains	1,827	(431)
Contributions by employer	130	121
Contributions by scheme participants	40	48
Administrative expenses	(7)	(8)
Benefits paid	(286)	(278)
Closing fair value of scheme assets	12,313	10,463

	2021	2020
Discount rate	1.6%	1.40 %
Future salary increases	3.85	3.20
Future pension increases in payments	2.85	2.20
Future deferred pension increases	2.85	2.20

Mortality rates

- for a male aged 65 now	22.7 years	22.9 years
- at 65 for a male aged 45 now	24.0 years	24.3 years
- for a female aged 65 now	24.0 years	24.1 years
- at 65 for a female member aged 45 now	25.4 years	25.5 years

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

30. Commitments under operating leases

At 31 July the Group and the College had future minimum lease payments due under non-cancellable operating leases for each of the following years:

	Group 2021 £000	Restated Group 2020 £000	College 2021 £000	Restated College 2020 £000
Not later than 1 year	371	407	321	357
Later than 1 year and not later than 5 years	539	726	444	581
Later than 5 years	773	773	773	773
	<u>1,683</u>	<u>1,906</u>	<u>1,538</u>	<u>1,711</u>

*Restated to reflect break clause in lease

31. 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 at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the year was £524 (2020: £3,664). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governors meetings and charity events in their official capacity. No governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2020: none).

32. Learner support funds

	Group 2021 £000	Group 2020 £000	College 2021 £000	College 2020 £000
Funding body grants - hardship support	1,566	1,843	1,566	1,843
Funding body grants - residential bursaries	445	445	445	445
	<u>2,011</u>	<u>2,288</u>	<u>2,011</u>	<u>2,288</u>
Disbursed to students	(1,814)	(1,517)	(1,814)	(1,627)
Administration costs	(90)	(87)	(90)	(87)
Balance unspent at 31 July included in creditors	<u>107</u>	<u>684</u>	<u>107</u>	<u>684</u>

ESFA grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements have therefore been excluded from the income and expenditure account, other than when the College has directly incurred expenditure itself. The income and expenditure consolidated in the College's financial statements relates to the purchase of some equipment from the access fund and travel and accommodation related expenses for students incurred by the College.

33. Restatement of SOCI previous year figures

Previous years income and expenditure figures have been restated to reflect a change in accounting treatment of ESFA 16-18 bursary. Previous treatment included these amounts in both income and expenditure with no effect to the net surplus. Change of treatment has been made to ensure accounts give a true reflection and are in line with the sector.

	As per 2020 College accounts	Change	Restated College Figures
	2020 £000	2020 £000	2020 £000
<u>Income</u>			
Funding body grants	33,142	(1,072)	32,070
<u>Expenditure</u>			
Other operating expenses	(16,126)	1,072	(15,054)