

PLUMPTON COLLEGE

Report and Financial Statements
for the year ended 31 July 2019

CONTENTS

	Page number
Introduction by the Chair	3
Strategic Report	4
Statement of Corporate Governance and Internal Control	11
Statement of Regularity, Propriety and Compliance	17
Reporting Accountant's Assurance Report on Regularity	18
Statement of Responsibilities of the Members of the Corporation	20
Independent Auditor's Report to the Corporation of Plumpton College	21
Statement of Comprehensive Income	23
Statement of Changes in Reserves	24
Balance Sheet as at 31 July	25
Statement of Cash Flows	26
Notes to the Financial Statements	27

INTRODUCTION BY THE CHAIR

Plumpton College has continued to move forward towards its strategic aims and ambitions to be an innovative and inspirational college. Whilst the financial climate both in our education and commercial operations has proved challenging this year, the college has demonstrated its resilience in still being able to report a modest surplus prior to the FRS102 pension adjustment. This follows a loss in the previous year and is despite a continuing squeeze on margins in both our education and commercial operations. The year also saw further improvement in the quality of teaching and learning, building on the Good Ofsted rating achieved in 2017/18; in several areas our quality performance is now sector-leading. Our student numbers held up well, particularly given the demographic dip in the number of 16-18 year-olds in Sussex. So did the number of students finding employment at the end of their courses: the feedback from employers remains strongly positive.

Looking forward, the Corporation's ambition to be an innovative and inspirational college is undimmed. STEM skills are key to the future of the land-based sector. Technology is becoming more central to the teaching of those skills; we were delighted to receive a sector award for the innovative use of virtual reality in the classroom. We continue to invest where we can. We are redeveloping the walled garden at Stanmer Park outside Brighton to provide excellent facilities for our horticultural students and a fantastic experience for the public. Since the year-end we have also approved a new major project at our Plumpton site to provide teaching facilities for Agrifood skills, particularly for the butchery and bakery sectors. In our Higher Education business, we are continuing to build on our partnership with the Royal Agricultural University.

The FE sector, and particularly land-based colleges, still face significant risks and uncertainties. During the year the FE Commissioner carried out a diagnostic assessment of the college and its resilience, and we are very grateful for their insights and recommendations which we have taken on board. We also welcome the new Government's announcement of an increase in 16-18 grant funding from 2021-22.

Highlights for the year include:

- The continued development of our new "One Garden" facility at Stanmer park which, when complete, will provide excellent facilities for our students and a fantastic show-case for our work and produce for the public.
- Our partnership with the Royal Agricultural University continues to develop with the RAU now validating all or degree courses and further research and teaching collaborations being planned.
- We were delighted to be awarded an AoC Beacon Award for the "Effective use of technology in further education". This recognised some highly innovative virtual reality work undertaken as part of the Education & Training Foundation's Outstanding Teaching Learning & Assessment programme
- We have also continued to innovate in ways to engage secondary school pupils and help them better understand the land-based sector and the opportunities that lie within it. Of particular note was the running of our own Big Bang STEM event designed to show how STEM and land-based subject areas can be both highly interesting and challenging.

STRATEGIC REPORT

The Governors of Plumpton College are pleased to present their report and the audited financial statements For the Year Ended 31 July 2019.

Mission

To consistently provide high quality training and education in a safe and welcoming environment that enables our students and employers to be successful.

Vision

To be an innovative and inspirational College delivering excellent education, training and research that enables our students and employers to play a leading role in future industry growth and development.

Values

- Ambitious and progressive
- Enterprising
- Professional
- Supportive
- Passionate about everything we do

Strategic Aims

1. To provide an innovative and inspiring learning experience enabling everyone to fulfil their potential
2. To offer a dynamic curriculum that enhances personal development and supports the growth and development of the industries we serve
3. To develop sustainable and enterprising relationships with employers, schools and key partners to enhance student experience, prospects and sector business
4. To provide inspirational learning spaces and state of the art facilities which showcase best practice, embrace technological advances and maximise student progress
5. To manage resources efficiently and commercially to be ever-more resilient and sustainable
6. To attract, retain and develop an ambitious, high performing and professional workforce committed to delivering excellence to all

Key Achievements

1. Excellent continued progress in the consistent delivery of innovative and engaging teaching & learning across the college through outstanding development programme
2. Very good achievement rates far exceeding national averages in English and maths
3. Continued significant growth in apprenticeship provision placing the college as a regional lead in the delivery of a number of new trailblazer standards
4. Excellent progress in the provision of inspirational and professional learning environments across the wider college estate
5. Increasing engagement with schools and local community to raise college profile
6. College values successfully embedded into all aspects of staff and student experience

STRATEGIC REPORT

Chief Executives Report

The college's continued raised ambition for its students saw us adopt the greatest number of new employer-led qualifications for full time students and apprentices across any other land based provider in the South of England over the past year. All of these now require students to work at a higher technical level and include formal examinations as part of their assessment. Across the majority of subjects, students consistently achieved in the 90th percentile.

High grade examination results have also been maintained from previous years in GCSE English and Maths, and for all subjects and courses across the college, there has been an increase in overall achievement rates for all students of over 5% compared to the previous year.

Our retention figures dipped slightly compared to the very high levels of the previous two years, and whilst apprenticeship achievement rates continue to rise, this and all-student attendance remain a priority for continued focus in the coming year.

Our students continue to achieve incredible team and individual successes in both their exams and through their extensive engagement and competition work outside of college, and have maintained very high destination rates into employment (>90%).

Student satisfaction overall increased considerably compared to the previous year and most notably in the college's end of year survey. For our FE students, 100% of questions asked scored higher than the previous year, with over 90% for our HE students.

All of the above is supported by standards of teaching and learning which remain very high. During the year, 94% of graded lesson observations were judged to be good or outstanding, and the college continues to support many teachers through their L3 and L4 teacher training, as well as working with a number of external agencies to explore ever more innovative approaches to adopt.

One of the most notable collaborative partnerships has been undertaken with another college to look at ways to improve the teaching, learning and support provided to high needs students. Innovative packages of learning have been developed as a result of this.

Despite these strengths, a lot of work continues to be undertaken to drive continuous improvement and not least in teaching standards and other areas in response to student feedback. As a result, a new college wide research informed teacher development program starts next year, whilst the college has installed a new Careers function and a new bus contract to provide enhanced services to students.

One of the highlights of the year was undoubtedly the outstanding grades received across the board in the Ofsted residential and welfare inspection that took place at the start of the year.

The college's strategic work with employer partners has resulted in both the National Trust and RHS now selecting us as their national training provider for apprentices. This follows the successful partnership developed a year ago with Tesco Booker, whose first national cohort of butchers and fishmongers started on program this year.

Our relationship with the local community continues to provide rich opportunities for students to engage in a range of community projects, from designing and building gardens for a local hospice to the construction of a WW2 Commemorative bench for the local village.

The year has seen the first cohort of Foundation and Honours degree students taught with our new HE partner, the Royal Agriculture University, with a pipeline of ongoing curriculum development planned, starting with Vet Nursing in September 2019.

The college continues to engage extensively with schools across the South East, and its adoption of STEM practices to showcase the future of the industry was recognised with a gold award at the South of England Show and with nearly 1000 pupils attending Plumpton's own Big Bang event. These approaches undoubtedly play a significant role in positively influencing the college's profile amongst prospective students and resulted in our attracting more applicants to study at Plumpton than ever before (both 16-18 and adults).

Despite this, there was a reduction in part time course activity throughout the year, which impacted on funding and fee income, and which will need the college to take a more strategic approach to the different part time markets it works with through 19/20.

The college has invested considerably in its core systems and processes during the year, in order to drive more accurate data capture and reporting to enable greater efficiencies and more informed decision making. The most notable improvements have been seen in MIS and the new business planning cycle, as well as a new HR and payroll system. A number of these improvements and developments, as well as many others across the college, continue to be endorsed by a range of external bodies and agencies, including the DfE, Landex and the college's new Internal Auditors.

After a disappointing financial outturn from the year previous, the college has managed to deliver an operating surplus for the year. In doing so, financial controls have improved, reporting of risk continues to improve and a more conservative approach to budget setting taken after two years of considerable growth.

Despite student residence not being full during term time, the college continues to be able to maximize its revenue generation during holiday periods. For a second consecutive year, the college farm also secured an operating surplus alongside providing ever better educational facilities for students.

The college continues to invest over a quarter of a million pounds per year into estate capital and development works, and has taken a more strategic approach to the use of its outcentres, with Netherfield making excellent progress in terms of student experience whilst the decision has been taken to close the Flimwell Centre.

The project at Stanmer has made excellent progress, with building work now underway ready for a summer 2020 opening, and a new brand for the garden (One Garden) being developed and a subsidiary company established.

The college was also successful in bidding for Local Growth funds from the South East LEP to support the future development of the site. The Agri-Food project will deliver state of the art teaching and conferencing facilities, substantial technology incorporated into the college farm and essential infrastructure works, which will comprise the first major capital project at the site since 2012

A new coaching development program was launched for all middle and senior managers to inform new ways of working across the staff body, and our second staff survey was conducted in the spring and has provided a clear insight into areas for further development such as cross college communication and consultation.

Stakeholder relationships

The College attaches much importance to maintaining and developing close and positive relationships with the College's stakeholders, both internal (students and staff) and the wide range of external stakeholders it serves or partners (employers and Local Enterprise Partnerships, local authorities and communities, voluntary bodies, schools, universities, and other Colleges). The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

Financial results

The College has an operating surplus before FRS102 charges to staff costs of £60k. The College Financial Statements show a deficit £1,861k total comprehensive income for 2019 (2018: surplus £246k). The total comprehensive income deficit and operating deficit are both heavily impacted by defined benefit pension obligations. For purposes of providing greater clarity a notation has been added to the Statement of Comprehensive Income reporting an adjusted operating surplus of £60k for 2019 (2018: deficit £589k) excluding the FRS102 charge to staff costs.

Total income for 2019 reduced by 2.2% to £18,019k (2018: £18,424k). Local Authority High Needs Funding reduced by £704k in 2019 with no corresponding reduction in need or numbers of high needs students. Funding body grants (including Local Authority High Needs Funding and release of deferred capital grants) are the largest source of income at £10,216k (2018: £11,157k) however as a proportion of income this has dropped from 60.6% in 2018 to 56.7% in 2019 and remains amongst the lowest share of income in the FE sector.

Total expenditure for 2019 reduced by 5.4% to £18,647k (2018: £19,714k). Staff costs are the largest source of expenditure at £10,657k (2018: £11,132k) including defined benefit pension obligations, FRS102 charges to staff costs. Staff costs excluding FRS102 as a percentage of income have reduced from 56.6% in 2018 to 55.4% in 2019 and are budgeted at 54.4% in 2020.

The 2018 figures in the accounts have been restated for changes in presentation of High Needs Funding. Local Authority High Needs Funding has not changed in value only reporting line following advice from internal auditors. Local Authority High Needs Funding was previously shown as part of education contracts (note 3) and has been amended to show as part of funding body grants (note 2).

College depreciation policies have been updated following a recommendation in the external audit report for 2018 and are set out in the financial statements (note 12). The College has adopted buildings depreciation of up to 50 years from up to 30 years previously; and vehicles & equipment depreciation of 8 years from 4 years previously. The depreciation policy remains towards the conservative end of the range of policies adopted by other land base college,

The College continued to invest to improve and extend its educational infrastructure. Capital additions were £1,271k (2018: £1,009k). This included investment partially funded by the Coast to Capital and South East Local Enterprise Partnership with the majority of additions being assets under construction for the Stanmer Park project which is due to open to students in Spring 2020 and the public in Summer 2020.

Total borrowing, all unsecured, continues to reduce at 15.9% of income at £2,861k (2018: £3,382k). This is comfortably below the Association of Colleges indicator of 40% of income which has been highlighted as a potential financial health risk factor.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows and liquidity

The College has generated £945k (2018: £1,095k) of net cash flows from operating activities for the year, and has seen an increase in cash of £39k (2018: £122k decrease) after investing and financing activities. The College has a working capital facility to support cyclical cashflow requirements experienced by the FE sector each year.

Reserves policy

The College recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. The College considers the needs of investing in its strategic and maintaining adequate reserves and liquidity. The reserves targets for strategic period 2017 to 31st July 2024 are;

- o £0.8m – Target minimum cash holding at 1 month's payroll
- o £1m – Target operating cash flows per annum at an average of no less than £1m.
- o £1.5-£2.5m – Target cash range to hold as at 31st July 2022, reflecting the need to improve the College's liquidity.
- o £2.5-£3.5m – Target cash range to hold as at 31st July 2024, reflecting the need to balance investment decisions against increased liquidity.
- o 3+%- Target operating surplus on average of at least 3% of income over the 5 year budget.
- o 33+%- Minimum threshold unrestricted reserves of at least 33% of income in each year.

As at 31st July 2019 the College has total reserves of £7,401k (2018: £9,262k) inclusive of £9,869k net assets, plus £2,951k revaluation reserve, less £5,419k provisions.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2018 to 31 July 2019, the College paid 90% of its invoices within 30 days. The College incurred no material interest charges in respect of late payment for this period. During the account period 1 August 2019 to 31 July 2020, the College will trial new ways of working that give a better supplier experience including options for earlier payment in return for offering discounts, linked to treasury management.

Group Companies

During 2019 a wholly owned subsidiary of Plumpton College was established, One Garden Brighton Ltd. This is a trading subsidiary for the Stanmer Park Project that remains dormant until the first staff are employed in 2020.

Principle Risks and Uncertainties

Risk management is integral to planning and control across the College, and is firmly embedded into the planning/control and decision-making process. Responsibility for identifying, assessing and managing risks is devolved to those responsible for delivering the relevant aims and objectives. Specific mitigating actions initiated or intensified in response to a new or growing risk are planned and controlled in the same way as any other action designed to deliver the business objective, not as part of a standalone Risk Management Action Plan. A strategic risk register is used to capture strategic risks and an operational risk register is used to capture both shorter and longer term cross-College operational risks. The Risk Register forms part of the Strategic Planning cycle and is reviewed frequently by Senior Management. The Principal's report to each Corporation meeting highlights changes to key risks.

Principal risks

Government funding: The College has reliance on continued government funding through the further and higher education sector funding body grants. In 2019 54% (2018: 56%) of College revenue was publically funded and this level is exceptionally low for the sector. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. The College is aware of several issues which may impact on future funding, including apprenticeship reforms and the devolution of the adult education budget. The College is developing a strategy for growth in response to the devolution agenda and to the apprenticeships reform. It is recognised that the introduction of the apprenticeship levy will significantly affect that marketplace though full implications are not yet known as government policy continues to develop.

Maintain adequate funding of pension liabilities: The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102. This risk is mitigated by an agreed deficit recovery plan with the East Sussex Pension Scheme.

Availability of finance: Colleges are able to borrow but for the last three years the sector has been paying back more to the banks than they are taking out. Banks have become more cautious as a result of the new college insolvency laws and the ending of Government financial support to the sector. Plumpton has a £1m working capital facility in place and has invested in rebuilding its relationship with the bank whilst exploring other opportunities following the withdrawal of its overdraft facility in 2017.

Insolvency regime: The new college insolvency regime came into effect in January 2019. Normal commercial insolvency law applies to colleges, with the DFE able to appoint an education administrator with wider duties to protect students as well as creditors. Plumpton through its Business Performance and Planning process is ever more focused on ensuring the commercial viability of each of its offerings and more able to respond with speed to changing circumstances. Through 2019 as the financial outturn for 2018 and the changing income position for the year materialised the College has been able to adjust its staffing and spending decisions to deliver a surplus.

Financial viability of the College: The College's current financial health grade is classified as Requires Improvement with an ESFA financial plan that will return the College to Good in 2019-20 and moving towards Outstanding in future years. Financial viability risk is mitigated by rigorous budget setting procedures and sensitivity analysis, regular in year budget monitoring, robust financial controls and ongoing procurement efficiencies.

Brexit: The College has prepared an additional Brexit risk register to track risks and mitigations for the potential impact on international students and staff, supply chains and logistics, exchange rates and EU funding, delays to business decision making and product sales.

Going Concern and Future prospects

The College has continued to adopt the going concern basis in preparing the financial statement and believe it will continue in operation and meet its obligations for at least a period of 12 months. The College continues to generate operating cashflows, developing well-diversified income streams whilst investing in developments at the Plumpton, Netherfield and Stanmer sites. The College is in the process of securing £3.6m in new borrowing to support the development of a £7.0m Agrifood centre at the Plumpton campus, part funded by the South East Local Enterprise Partnership and approved by Corporation in September 2019.

Events after the end of the reporting period

None

Equal opportunities

Plumpton College is committed to ensuring equality of opportunity for all who learn and work here. The College respects and values positively differences in race, gender, sexual orientation, ability, class and age. The College strives 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. The College's Equal Opportunities Policy, including its Race Relations and Transgender Policies, is published on the College's Internet site. The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005. Further details are available on the College website.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

- a) As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2008/09, and the results of this formed the basis of funding capital projects aimed at improving access.
- b) The College has appointed a Student Support Co-ordinator, who works with staff from across the organisation to ensure that appropriate and timely support is provided where necessary. The College also now has a specialist Learning Support team, overseen by a Learning Support Manager who liaises with students, parents, Local Authorities and external organisations to ensure that specialist learning needs of students are met.
- c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
- d) The College has a policy in place regarding the admission of students. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of 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.
- f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g) Counselling and welfare services are described in the College Student Handbook, which provides details of a number of services accessible to students, as well as the College's expectations regarding behaviour and conduct, and the Complaints and Disciplinary Procedure

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 26th November 2019 and signed on its behalf by:

R A Stanier, Chair of Governors



STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

The College endeavours to conduct its business in full accordance with the guidance to Colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code") which it formally adopted in July 2016, on a comply or explain basis. In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2018, with the exception of the maximum term of office for Governors. An explanation of the reasons for the maximum term of office being exceed by some governors can be found on page 14. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

Legal Status and Public Benefit Statement

Plumpton College is a Statutory Corporation and an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body are trustees of the charity. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides identifiable public benefits through the advancement of education including students with high needs. The college adjusts its courses to meet the needs of local employers and provides training to apprentices. The college is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below. Chair and Vice Chair are appointed annually. The Corporation does not have an explicit policy on the number of times a Chair or Vice-Chair may be reappointed. Stan Stanier has served as Chair since December 2013, and Julie Dougill has served as Vice-Chair since July 2018.

Name	Background	Date of appointment	Appointment expires	Committee Membership	Committee meetings attended	Corporation meetings attended
Stan Stanier (Chair of Corporation)	IT / education	28 Mar 2006 Re-appointed 27 Mar 2014 & 27 Mar 2018	27 Mar 2020	Search and Governance TAFG	3 2	11
Julie Dougill (Vice-Chair of Corporation)	Local Authority	16 Dec 2014	15 Dec 2022	Search and Governance (From Feb 19) Audit Committee	2 2	10
David Evans (Vice-Chair of Corporation)	Rural land agent	1 Jan 2004 Re-appointed 31 Dec 2011, 20 Jan 2015, 15 Dec 2016 & 3 Oct 2017	14 Dec 2018	Audit Search and Governance	1 0	4

Name	Background	Date of appointment	Appointment expires	Committee Membership	Committee meetings attended	Corporation meetings attended
Jeremy Kerswell (Principal)	Plumpton College Principal	5 Oct 2015	N/A	Search and Governance	3	7
Claudette Atkinson	Academic Staff Governor	1 Mar 2016	22 Jan 2019	n/a	n/a	2
Mike Atkinson	Industry / civil service / accountancy	18 Dec 2002 Re-appointed July 10, Dec 12, Dec 14, Dec 15, Dec 16, Oct 17 & Oct 18	5 Dec 2019	Audit TAFG	3 2	8
Sarah Blake	Support Staff Governor	7 Nov 2017	6 Nov 2021	n/a	n/a	9
Suzanne Craig	Finance	10 Dec 2013 Re-appointed 3 Oct 2017	15 Jul 2019	Audit Committee	1	7
John Evans	Business Advice	1 Oct 2003, Re-appointed Oct 11, Dec 16, Oct 17 & Oct 19	14 Dec 2019	Search T&FG	3	7
Ruby Franklin Goddard	Student Governor	16 Oct 18	15 Oct 2019	n/a	n/a	7
Doug Jackson	Business / Agriculture	26 June 19	25 June 2023	n/a	n/a	1
Sally Kinsey	Law	10 Dec 2013 Re-appointed 3 Oct 2017	09 Dec 2021	Search	0	5
Timothy Laker	Education and Construction projects	4 Jul 2017	3 Jul 2021	Audit	2	7
Leeni Lear	Education	4 Jul 2017	3 Jul 2021	Search and Governance	2	10
John Moore-Bick	Armed Forces	15 Dec 2015	14 Dec 2019	Search and Governance	0	7
Robbie Nicholle	Academic Staff Governor	21 May 19	20 May 2023	n/a	n/a	3
Bill Pepper	Veterinary	17 Mar 2015, Reappointed Oct 18	16 Mar 2020	n/a	n/a	8
Jeff Trunkfield	Agriculture	15 Dec 2009 Re-appointed 15 Dec 2013 & 3 Oct 2017	14 Dec 2018	n/a	n/a	2
Stephen Waite	HE	5 Jun 18	4 Jun 2022	Audit TAFG	1 2	10
Howard Wood	Agriculture / Education	10 Dec 2013	14 Mar 2019	n/a	n/a	5

In addition the Corporation has co-opted the following non-members to sit on its Committees/Corporation. The Corporation is grateful for the expertise and insights these co-optees brought to the work of its Committees during the year.

Name	Background	Date of appointment	Appointment expires	Committee Membership	Committee meetings attended	Corporation meetings attended
<i>Yvonne Hopkins</i>	<i>Co-opted Member of Audit Committee</i>	<i>22 Jan 2019</i>	<i>21 Jan 2023</i>	<i>Audit Committee</i>	<i>2</i>	<i>1</i>
<i>Helen Key</i>	<i>Co-opted Member of Academic Committee</i>	<i>14 Mar 2017</i>	<i>13 Mar 2021</i>	<i>Corporation</i>	<i>n/a</i>	<i>7</i>

David Evans, Jeff Trunkfield, Howard Wood, Suzanne Craig and Claudette Atkinson left the Corporation during the year. Corporation would like to thank them for their valued contribution.

It is the Corporation's responsibility to set and regularly review the College's mission and strategic objectives, to agree the framework for managing risk, and to articulate the Corporation's risk appetite. Governors bring independent judgement to bear on performance, resources and standards of conduct. The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets on a monthly basis, and may reach decisions between meetings by correspondence.

The Corporation also conducts business through a small number of committees. Each committee has terms of reference, which have been approved by the Corporation; these are available on the College's website. These committees are Audit, Remuneration and Search and Governance. In addition Task and Finish Group (TAFG) committees are convened to consider specific items in more detail as appropriate. A TAFG was convened during the year to consider establishing a subsidiary company to handle the non-academic business of our new Stanmer Park site. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at the College's registered address.

In addition to its formal committees, the Corporation has linked each external governor to one or more business or business support areas, involving regular meetings with both the senior and middle management in each area. This helps Governors to take the pulse of the College and improves the depth of Corporation discussion; it also makes the specialist expertise and insights of governors more accessible to managers.

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

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

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

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate; the Chair's role has been defined in writing.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee, consisting of six members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Search Committee is guided by an analysis of the skills the Corporation requires and by the aim of ensuring an appropriate diversity of experience, age, and gender on the Governing Body. The Corporation is responsible for ensuring that appropriate training is provided as required. All new Governors receive induction training. As regards subsequent governor development, most monthly Corporation meetings are preceded by an in-depth briefing on new College initiatives or external developments such as new regulations or Government policies. Governors are also encouraged to attend external courses.

Members of the Corporation are appointed for a term of office not exceeding four years. Under the Code of Good Governance for English Colleges, governors should not normally serve more than two terms. Three of our external governors have served more than two terms. We believe that at a time of immense change in the further education landscape it is particularly important to hold on to experienced and strongly-contributing governors. The Corporation believes that reappointment beyond two terms calls for explicit justification, and should normally be limited to further terms of only one or two years duration. The performance of individual governors is taken into account in considering re-appointments, and is particularly searching on a second or subsequent re-appointment. During the year, on the recommendation of the Search Committee, we re-appointed Mike Atkinson, Howard Wood and John Evans for a further 1-year term. Mike Atkinson is a member of the AoC Governors Council and the insights he provides from this role are very valuable to our discussions. Howard Wood plays an important role in monitoring academic performance. John Evans provides valuable sector and commercial expertise.

Corporation performance

The Corporation and each of its Committees formally appraises its performance each year. The appraisal covers its effectiveness and efficiency in discharging its terms of reference. This annual appraisal is also an opportunity to review the terms of reference for committees. The performance of individual governors is formally reviewed by the Search and Governance Committee in the context of a proposed re-appointment, and is particularly searching on a second or subsequent re-appointment. This formal appraisal is supplemented by a more informal annual self-assessment by each governor comprising a one-to-one meeting between the governor and the Corporation Chair or Vice Chair at which the governor's past performance and potential future contribution or development needs are discussed, together with the governor's views on how the Corporation is organised and run. An annual Governance Self Assessment Report (SAR) is produced. This report informs the annual Governance Quality Improvement Plan (QIP) which is monitored by the Search and Governance Committee. The performance of the Chair is also reviewed annually. The views and suggestions of individual governors are co-ordinated by the Vice-Chair and fed back to the Chair.

Remuneration Committee

Throughout the year ending 31 July 2019 the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and Clerk. Remuneration of other managers

and staff is the responsibility of the Principal.. Corporation formally adopted the AoC Senior Staff Remuneration Code on 26th February 2019. Apart from the Principal and staff governors, Corporation members are not remunerated. Details of remuneration For the Year Ended 31 July 2019 are set out in note 8 to the financial statements.

The Remuneration Committee advise the Corporation on the pay and conditions of service of the Principal. The Committee evaluate the specific remuneration packages of the Principal against:

- Recent performance (summary to be provided by the Chair as line manager, who is responsible for completing appraisals and setting targets for the Principal)
- Benchmarking data, including the AoC Senior Post Holders pay survey
- The college's approach to rewarding all of its staff, and in particular, consideration is given annually to the rate of increase of the average remuneration of all other staff.

The Principal is responsible for setting the remuneration package for Senior Staff. In determining pay the Principal will consider recent performance (using the college appraisal system), market rate and the rate of increase of the average remuneration of all other staff. All staff must request permission from the Principal if they intend to take on external work. The Clerk maintains a Register of Senior Staff's Interests and Senior Staff are requested to disclose annually all business interests.

Audit Committee

The Audit Committee comprises four members of the Corporation (excluding the Accounting Officer and Chair) and a co-opted member. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee's core task is to oversee the work of the external auditors (the 'financial statements auditors') in accordance with the Post 16 Audit Code of Practice prescribed by the ESFA, but also to oversee the College's other audit and assurance work and to monitor implementation of the recommendations for improved controls that flow from this. During 2017/18 the Corporation moved to monthly meetings, and discontinued its main Committees (Academic and F&GP). This had a significant effect on the role of the Audit Committee. The Committee now oversees directly non-financial assurance work which was previously commissioned and overseen by other committees. This calls for a wider range of skills; the membership of the Audit Committee has recently been adjusted to provide this. At the same time more feedback from external assurance work is now being taken directly to Corporation. Its monthly meetings allow prompt endorsement of improvement measures identified by external reviews.

The Audit Committee advises the Corporation on the appointment of internal and external auditors, and their remuneration. It prioritises the internal audit programme and oversees implementation of agreed recommendations. It shapes the scope of the external audit and the management letter that flows from it. The Committee focuses not only on finance but also looks for wider assurance on internal controls, quality monitoring and management information systems. The Committee prepares an annual report to the Corporation on the robustness of the internal control system and on possible areas for improvement.

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Funding Agreement between Plumpton College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Plumpton College for the Year Ended 31 July 2019 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- long-term strategic objectives through to 2024 agreed by the Corporation and supported by a suite of key performance measures
- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

The college's internal and external auditors operate in accordance with the ESFA's Post 16 Audit Code of Practice. Their work is informed by an analysis of the risks to which the college is exposed.

Review of effectiveness

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

- the work of the Finance Director and other executive managers at the College with responsibility for development and maintenance of the internal control framework;
- upward reports from departments setting out current performance against key performance indicators and prospective risks;
- the comments and management letters of the College's financial statements auditors;
- the programme of external assurance and audit agreed with the Audit Committee.

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

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

Key management personnel

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

J Kerswell	Principal; Accounting officer
C Knell	Finance Director
J Hibbert	Deputy Principal
D Stokes	Vice Principal
A Kent	Vice Principal (from 20/08/18)

Professional advisers

Financial statements auditors and reporting accountants

Mazars LLP

Times House, Throwley Way, Sutton, Surrey, SM1 4JQ

Internal Auditors

ICCA Education, Training and Skills Limited

Registered Office: 11th floor, McClaren House, 46 Priory Queensway, Birmingham, B4 7LR

Bankers

Lloyds Bank plc

8 High Street, Lewes, East Sussex, BN7 2AD

Solicitors

Brachers

Head Office, Somerfield House, 59 London Road, Maidstone, Kent, ME16 8JH

Approved by order of the members of the Corporation on 26th November 2019 and signed on its behalf by:

R A Stanier
Chair of Governors



J Kerswell
Accounting Officer




STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE


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 colleges' grant funding agreement and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

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 College, or material non-compliance with the terms and conditions of funding under the College's grant funding agreements and contract with ESFA.

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.



R A Stanier
Chair of Governors
26th November 2019



J Kerswell
Accounting Officer
26th November 2019

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

In accordance with the terms of our engagement letter and further to the requirements of the 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 Plumpton College during the period 1 August 2018 to 31 July 2019 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 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 (ILR) returns, for which the Department has other assurance arrangements in place.

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

Respective responsibilities of Plumpton College and the reporting accountant

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

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

Approach

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

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the College's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the SFA/ funding agreement with the EFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Reviewed all payments to senior post holders on termination of employment or in respect of claims made in the year
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.

Conclusion

We noted one instance where the tendering process was not correctly followed around the change of insurers. We understand from discussions with the College that it was felt important to change insurers as a matter of urgency due to quality of advice and value for money considerations and the governors were fully aware of the situation in advance of the decision being made.

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

Mazars LLP

Mazars LLP

Chartered Accountants and Statutory Auditor

Times House

Throwley Way

Sutton

Surrey

SM1 4JQ

Date 20 December 2019

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the college's grant funding agreements and contracts with ESFA, the corporation – through its accounting officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the college and its surplus / deficit of income over expenditure for that period.

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

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

The corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about 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 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 to safeguard its assets and to prevent and detect fraud and other irregularities.

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

Members of the corporation are responsible for ensuring that 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 ESFA are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economical, efficient and effective management of the college's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA are not put at risk.

Approved by order of the members of the Corporation on 26th November 2019 and signed on its behalf by:

R A Stanier
Chair of governors



INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PLUMPTON COLLEGE

Opinion

We have audited the financial statements of Plumpton College (the 'College') for the year ended 31 July 2019 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2019 and of the College's deficit of expenditure over income for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 College 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.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Governors' view on the impact of Brexit is disclosed on page 9.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the College and the wider economy.

We considered the impact of Brexit on the College as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the College's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible implications for the College and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; and
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 21, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend 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.

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 the audit report

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

Mazars LLP

Mazars LLP

Chartered Accountants and Statutory Auditor

Times House

Throwley Way

Sutton

Surrey

SM1 4JQ

Date 20 December 2019

PLUMPTON COLLEGE

Statement of Comprehensive Income For the Year Ended 31 July 2019

	Notes	2019 £'000	Restated 2018 £'000
Income			
Funding body grants	2	10,216	11,157
Tuition fees and education contracts	3	2,782	2,617
Research grants and other contracts	4	16	11
Other income	5	5,005	4,639
Investment income	6	-	-
Total income		18,019	18,424
Expenditure			
Staff costs	7	10,657	11,132
Fundamental restructuring costs	7	63	90
Other operating expenses	9	6,683	6,391
Depreciation	12	1,061	1,939
Interest and other finance costs	10	183	162
Total expenditure		18,647	19,714
Operating surplus/(deficit) before other gains and losses		(628)	(1,290)
Pension finance costs	10	(96)	(115)
Surplus/(deficit) before other gains and losses		(724)	(1,405)
Profit/(loss) on disposal of assets		267	46
Surplus/(deficit) before tax		(457)	(1,359)
Taxation	11	-	-
Surplus/(deficit) for the year		(457)	(1,359)
Actuarial gain/(loss) in respect of pension schemes	23	(2,165)	800
Return on assets	23	761	805
Total Comprehensive Income for the year		(1,861)	246

Excluding defined benefit pension obligations (FRS102)

Operating surplus/(deficit) before other gains and losses	(628)	(1,290)
FRS102 liability charges to staff costs	688	701
Adjusted operating surplus/(deficit)	60	(589)

The statement of comprehensive income is in respect of continuing activities.
2018 Restatement is in respect of income recognised in note 3 instead of note 2.

PLUMPTON COLLEGE

Statement of Changes in Reserves
For the Year Ended 31 July 2019

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 31st July 2018	6,161	3,101	9,262
Surplus/(deficit) from income and expenditure	(457)	-	(457)
Other comprehensive income	(1,404)	-	(1,404)
Transfers between revaluation and reserves	150	(150)	-
Total comprehensive income for the year	(1,711)	(150)	(1,861)
Balance at 31st July 2019	<u>4,450</u>	<u>2,951</u>	<u>7,401</u>

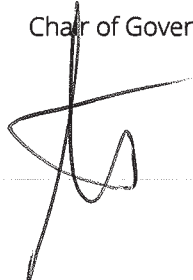
PLUMPTON COLLEGE

Balance Sheet
At 31 July 2019


	Notes	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	12	<u>23,182</u>	<u>22,995</u>
Current assets			
Stock		1,184	1,077
Trade and other receivables	13	1,906	1,604
Assets held for sale		-	258
Cash at bank and in hand	18	287	248
		<u>3,377</u>	<u>3,187</u>
Creditors: Amounts falling due within one year	14	<u>(3,820)</u>	<u>(4,525)</u>
Net current liabilities		(443)	(1,338)
Total assets less current liabilities		<u>22,739</u>	<u>21,657</u>
Creditors: Amounts falling due after one year	15	<u>(9,919)</u>	<u>(9,264)</u>
		12,820	12,393
Provisions			
Defined benefit obligations	17	(5,319)	(3,131)
Other provisions	17	(100)	-
Total net assets including pension liability		<u>7,401</u>	<u>9,262</u>
Unrestricted reserves			
Income and expenditure account		4,450	6,161
Revaluation reserve		2,951	3,101
Total unrestricted reserves		<u>7,401</u>	<u>9,262</u>

The financial statements were approved by the Corporation and authorised for issue on 26th November 2019 and were signed on its behalf on that date by:

R A Stanier
Chair of Governors



J Kerswell
Accounting Officer



PLUMPTON COLLEGE

Statement of Cash Flows
For the Year Ended 31 July 2019

	2019 £'000	2018 £'000
Cash flows from operating activities		
Surplus/(deficit) for the year	(457)	(1,359)
Adjustment for non cash items		
Depreciation	1,061	1,939
(Increase)/decrease in stocks	(107)	27
(Increase)/decrease in debtors	(302)	(1,022)
Increase/(decrease) in creditors due within one year	(357)	1,702
Increase/(decrease) in creditors due after one year	655	(1,069)
Increase/(decrease) in provisions	100	(55)
Pensions costs less contributions payable	688	701
Pension finance cost	96	115
Adjustment for investing or financing activities		
Investment income	-	-
Interest payable	183	162
(Profit)/Loss on sale of fixed assets	(267)	(46)
Net cash flow from operating activities	1,293	1,095
Cash flows from investing activities		
Proceeds from sale of fixed assets	53	46
Capital grant receipts	967	623
Investment income	-	-
Payments made to acquire fixed assets	(1,271)	(1,009)
Net cash flow from investing activities	(251)	(340)
Cash flows from financing activities		
Interest paid	(183)	(162)
New unsecured loans	-	-
Repayments of amounts borrowed	(818)	(715)
Net cash flow from financing activities	(1,003)	(877)
Increase/(decrease) in cash equivalents in the year	39	(122)
Cash and cash equivalents at the beginning of the year	248	370
Cash and cash equivalents at the end of the year	287	248
Movement	39	(122)

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2019

1 ACCOUNTING POLICIES

The Corporation aims to apply accounting policies which are towards the conservative end of the FE accounting spectrum.

Statement of accounting policies

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

(a) Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP) the College Accounts Direction for 2018-19 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland". (FRS102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

(b) Basis of accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of certain fixed assets as detailed in Note 12.

(c) Going concern

These financial statements have been prepared on the Going Concern basis and more detail in relation to this is provided in the Strategic Report.

(d) Recognition of income

Revenue Grant Funding: Revenue grants are accounted for under the accrual model as permitted by FRS102. They are recognised in line with best estimates for the period of what is receivable taking into account the meeting of any performance related conditions. Final levels of grant income are normally determined with the relevant funding body following the year end and with the conclusion of the year end reconciliation process or following any funding audits.

Capital Grant Funding: Capital grants are accounted for under the accrual model as permitted by FRS102; capitalised, held as deferred income and recognised in income over the expected useful life of the asset, when the College becomes entitled to the funds and 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.

Notes to the Financial Statements
For the Year Ended 31 July 2019

1 ACCOUNTING POLICIES (continued)

Fee Income: Income from tuition fees is stated gross of any expenditure except for discounts netted off (such as price discounts) and is recognised in the period for which it is receivable.

Agency agreements: The College acts as an agent in the collection and payment of discretionary support funds including bursaries. Related payments received from the funding bodies and subsequent disbursements to students are reflected in the statement of comprehensive income.

Donations and legacies: Donations (except in relation to legacies) are accounted for when receivable. The level of income from legacies is not material but they are recognised where there is clear entitlement, the amount can be accurately measured and there is reasonable probability of receipt.

Investment income: All income from short term deposits is credited to the statement of comprehensive income in the period in which it is earned on a receivable basis.

Income from commercial activities: Income raised through the operation of commercial activities and related trading activities under the College's management, such as the farm and viticulture, is taken into account at the point at which ownership of the goods or services transfers to the customers.

Other income: All other income is recognised once the College has entitlement to the resources, it is probable (more likely than not) that the resources will be received and the monetary value of income can be measured with sufficient reliability.

(e) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The College recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits are measured at the best estimate of the expenditure to settle the obligation at the reporting date. Benefits falling due more than 12 months after balance sheet date are discounted to present value. All costs involved in terminating employee contracts are accounted for on an accrual basis and disclosed in aggregate in Note 7.

Post-employment benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme. These are defined benefit schemes which are externally funded, contracted out of SERPS and the assets are held separately from those of the College. Further details regarding the schemes are disclosed in Note 23.

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2019

1 ACCOUNTING POLICIES (continued)

In accordance with FRS102 section 28, the Statement of Comprehensive Income includes:

- The cost of benefits accruing during the year in respect of current and past service (charged against net income)
- The expected return on plan assets less interest on plan assets and the increase in the present value of the scheme's liabilities arising from the passage of time (charged against net income), and
- Actuarial gain/(loss) recognised in the pension scheme.

(f) Fixed assets

Expenditure in respect of buildings, motor vehicles, plant and equipment, computer hardware and software and fixtures and fittings is treated as an asset and capitalised when:

- it is recognised as having been purchased for long-term use,
- has a useful life greater than one reporting period and
- is not likely to be converted quickly into cash

Expenditure in relation to the above items costing less than £2,500 is written off in the period of acquisition. The exception to this is where items each costing less than £2,500 in relation to one item when aggregated would exceed this value.

Grant funded assets: Where assets are acquired with the aid of specific grants, the asset is capitalised and depreciated in accordance with the policy stated below. The related grant is credited to a deferred grant account and released to the statement of comprehensive income over the expected useful economic life of the related asset.

Inherited Assets: The College was incorporated on 1st April 1993. At 31st July 1994, the assets which were inherited from the Local Authority were independently valued and included in the Balance Sheet at the valuation provided at this time. Any difference in respect of buildings between the valuation and the historic cost was credited to a revaluation reserve and is being released to the statement of comprehensive income in equal sums over a 30 year period.

FRS 102 revaluations: On 1st August 2014, in accordance with the transitional provisions governing the introduction of FRS 102, the College revalued all its land (but not its buildings) to the market value. This was a one-off revaluation and the College has opted not to carry out regular subsequent valuations.

Assets under construction: Accounted for at cost, based on the value of architects' certificates (or other form of professional valuation) and other direct costs, incurred to 31st July. They are not depreciated until they are brought into use, when a full year's depreciation is charged in the first year.

Notes to the Financial Statements
For the Year Ended 31 July 2019

1 ACCOUNTING POLICIES (continued)

Subsequent expenditure: Where expenditure is incurred on modifying, refurbishing, updating, prolonging or otherwise improving tangible fixed assets it is charged to the statement of comprehensive income in the period it is incurred, unless it both exceeds £10,000 and:

- In respect of non-specialised buildings capable of independent disposal, the market value of the fixed asset is significantly improved as a result of the expenditure, or
- The earnings capacity of the asset is significantly increased, either in volume or price terms (or both), or
- There is a subsequent reduction in operating costs, or
- The expenditure is likely to extend the asset's life by a period equivalent to its original book life, in which case it is capitalised and depreciated on the relevant basis.

Acquired computer software licences: Initially capitalised at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software or recurring licencing fees are recognised as an expense when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to statement of comprehensive income using the straight-line method over their estimated useful lives.

Disposals: An asset is derecognised upon disposal or when there is no future economic benefit to the College. On disposal of an item, the difference between the disposal proceeds and its carrying amount is recognised in the statement of comprehensive income within the profit or loss on disposal account. Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property (excluding land), plant and equipment, motor vehicles, fixtures and fittings and IT equipment over their expected useful lives.

A full year's depreciation is charged in the year of acquisition, no charge is made in the year of disposal.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revision are recognised in the statement of comprehensive income when the change of estimation arises.

PLUMPTON COLLEGE

Notes to the Financial Statements

For the Year Ended 31 July 2019

1 ACCOUNTING POLICIES (continued)

During 2019, the Corporation undertook a complete review of all assets, their estimated useful lives and depreciation rates and in light of the results, agreed upon a change of estimation in respect of depreciation for many assets or classes of assets in order to more closely reflect the estimated useful lives of assets held. Details of the revised depreciation rates used from 1st August 2018, the previous rates used until 31st July 2018, and the effect of the revision in the rate of estimation are shown below.

Asset Type	Original Estimated Useful Life	Revised Estimated Useful Life	Effect of Revision in Rate of Estimation
Land	N/A	N/A	N/A
Buildings	Up to 30 years	Up to 50 years	230,257
Vehicles	4 years	8 years	59,615
Plant and Equipment	4 years	8 years	91,795
Computer Software and Equipment	4 years	4 years	N/A
Fixtures and Fittings	4 years	4 years	N/A

(g) Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term. Any lease premiums or incentive relating to leases signed after August 2014 are spread over the minimum lease term. Any assets acquired under finance leases are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

(h) Investments

Investment in subsidiaries are measured at cost less impairment. Plumpton College owns the whole of the issued share capital of One Garden Brighton Limited amounting to £1 (1 ordinary share of £1) which was incorporated on 17th July 2019. Since the date of its incorporation there has been no activity in One Garden Brighton Limited.

(i) Stock

All material stock is stated at the lower of cost on a first in first out basis; and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks. Stock values are made on this basis, with the farm stock valuation carried out by a firm of independent professional valuers.

(j) Cash and cash equivalents

Cash at bank and in hand is held to meet the day to day running costs of the College as they fall due. Cash equivalents are short term, highly liquid measurements that are readily convertible to known amounts of cash with insignificant risk of change in value. They include cash in hand, deposits repayable on demand and overdrafts.

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2019

1 ACCOUNTING POLICIES (continued)

(k) Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the statement of comprehensive income, in the period in which they arise.

(l) Debtors

Debtors are amounts owed to the College. They are provided for in the Balance Sheet on the basis of their recoverable amount. Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method in accordance with FRS 102, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The College has applied a simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(m) Taxation

Corporation Tax: 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 Chapter 3 Part 11 Corporation Tax 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.

Value Added Tax: The College is partially exempt in respect of Value Added Tax, so that it can only recover a proportion of VAT charged on its inputs. In view of the level of complexity of the calculations involved in order to arrive in calculating the amount of input VAT which is irrecoverable and the inability to subsequently separately identify which VAT is not recovered, it is not possible to reapportion this VAT between the costs of such inputs or the cost of tangible fixed assets as appropriate. As a result of this, the irrecoverable VAT is reflected as an aggregated cost line in the Financial Statements.

(n) Liabilities and contingent liabilities

Liabilities are recognised when:

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

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities are not recognised in the Balance Sheet.

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2019

1 ACCOUNTING POLICIES (continued)

(n) Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 to value the pensions liability at 31 July 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

The College last undertook a full surveyors report of assets in 2015 and is undertaken this work again in 2020. At the time of producing the accounts no impairment is recognised by management based upon:

- Depreciation is at the cautious end of the Further Education spectrum to minimise the risk of impairment.
- All assets are economically active in the provision of the College's strategy.
- Resources are well maintained through the College maintenance and resource fund.
- Annual assessment of estate condition has 97% of College estate as category A or B, with 3% category C and none in category D.
- Annual assessment of functional suitability has 91% of College estate as very good or good, with 10% satisfactory or requires improvement

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2019

2 FUNDING BODY GRANTS	2019	Restated
	£'000	£'000
Education and Skills Funding Agency	8,958	8,802
Higher Education Funding Council	227	275
Local Authority High Needs Funding	547	1,251
Specific Grants		
Education and Skills Funding Agency	29	33
Releases of government capital grants	455	796
Total funding body grants	10,216	11,157
3 TUITION FEES AND EDUCATION CONTRACTS		Restated
	2019	2018
	£'000	£'000
Adult education fees	1,245	1,089
Apprenticeship fees and contracts	44	70
Fees for FE loan supported courses	317	176
Fees for HE loan supported courses	1,154	1,251
International students fees	-	-
	2,760	2,586
Education contracts	22	31
Total tuition fees and education contracts	2,782	2,617

High Needs Restatement

Following advice, High Needs Funding has been reanalysed and shown as income from grants rather than contracts. As this income was also received in 2018, a prior year restatement has been made. There is no net overall impact on the net deficit for 2018 or 2019 as this is simply a re-analysis.

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2019

4 RESEARCH GRANTS AND OTHER CONTRACTS

	2019	2018
	£'000	£'000
Other grants and contracts	16	11
Total research grants and other contracts	16	11

5 OTHER INCOME

	2019	2018
	£'000	£'000
Catering and residence operations	1,361	1,381
Farming activities	1,439	1,492
Other income generating activities	570	539
Rents and lettings	96	102
Non government capital grants	301	96
Other income	1,238	1,029
Total other income	5,005	4,639

6 INVESTMENT INCOME

	2019	2018
	£'000	£'000
None		

7 STAFF COSTS

The average number of persons (including key management personnel) employed by the College during the period, analysed by category and described as full time equivalents, was as follows:

	2019	2018
	No.	No.
Teaching staff	134	115
Non-teaching staff	136	164
	270	279

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2019

7 STAFF COSTS (continued)

	2019	2018
	£'000	£'000
Staff costs for the above persons were as follows:		
Wages and salaries	7,799	8,083
Social security costs	715	713
Other pension costs (note 23)	1,860	1,852
	<u>10,374</u>	<u>10,648</u>
Contracted out staffing costs	283	484
	<u>10,657</u>	<u>11,132</u>
Restructuring costs - contractual payments	63	90
	<u>10,720</u>	<u>11,222</u>

None of the staff involved in the restructuring were members of the Senior Management Team.

8 EMOLUMENTS OF KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Team which comprises of the Principal, Deputy Principal, Vice Principal Business Growth and Development, Vice Principal Curriculum and Quality and the Finance Director.

	2019	2018
	No.	No.
The number of key management personnel including the Accounting Officer was:	<u>5</u>	<u>5</u>

The number of key management personnel who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was as follows. There is no performance related pay for key management personal and all staff including the accounting officer receive the same cost of living pay award.

	2019	2018
	No.	No.
£60,001 to £65,000	1	-
£65,001 to £70,000	1	1
£70,001 to £75,000	-	2
£75,001 to £80,000	1	1
£80,001 to £85,000	1	-
£125,001 to £130,000	-	1
£130,001 to £135,000	1	-

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2019

8 EMOLUMENTS OF KEY MANAGEMENT PERSONNEL (continued)

Key management personnel compensation is made up as follows:	2019 £'000	2018 £'000
Salary	400	401
National Insurance	49	50
Other emoluments	18	18
Pension contributions	69	58
Total emoluments	536	527

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer and the Principal) of:

	2019 £'000	2018 £'000
Salary	112	111
National Insurance	14	14
Other emoluments	18	18
Pension contributions	21	21
Total emoluments	165	164

The pension contribution in respect of the Accounting Officer are in respect of employer's contributions to the Teachers' Pension Scheme and are paid at the same rate as for other employees. "Other emoluments" relate to the occupancy of the College property by the Accounting Officer for the better performance of his duties. This is a condition of his employment, and as such is not liable to income tax or national insurance. The emolument is however pensionable. The value of the emolument, i.e. the rental equivalence, is re-assessed every two years. However under the rules of the Teachers' Pension Scheme the pensionable element of this residence emolument is capped at one-sixth of the Principal's salary.

The members of the Corporation other than the Principal and staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. The Principal's expenses for the year were less than £5k.

Accounting Officer Pay Multiple	2019	2018
Basic salary divided by median pay of all other employees	4.6	4.6
Total emoluments divided by median pay of all other employees	6.8	6.7

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2019

9 OTHER OPERATING EXPENSES

	2019 £'000	2018 £'000
Teaching costs	703	841
Non-teaching costs	4,282	3,915
Examination costs	376	375
Premises costs	1,322	1,260
Total other operating expenses	6,683	6,391

Other operating expenses include:

Financial statements and regularity audit	27	18
Internal audit and assurance	9	-
Hire of plant and machinery - operating leases	125	136
	161	154

10 INTEREST AND OTHER FINANCE COSTS

	2019 £'000	2018 £'000
On bank loans, overdrafts and other loans	183	162
Net interest on defined pension liability (note 23)	96	115
Total interest and other finance costs	279	277

11 TAXATION

The members of the Corporation do not consider the College is liable for any Corporation tax arising out of its activities during this year.

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2019

12 TANGIBLE FIXED ASSETS

	Leasehold improvement	Freehold land and buildings	Assets under construction	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
COST OR VALUATION					
At 1 August 2018	280	35,608	216	6,268	42,372
Transfers	-	-	-	-	-
Additions	-	2	1,050	219	1,271
Less: Disposals	-	(1)	-	(607)	(608)
At 31 July 2019	<u>280</u>	<u>35,609</u>	<u>1,266</u>	<u>5,880</u>	<u>43,035</u>
DEPRECIATION					
At 1 August 2018	58	14,395	-	4,924	19,377
Transfer	-	-	-	-	-
Charge for year	1	641	-	419	1,061
Less: Disposals	-	(6)	-	(579)	(585)
At 31 July 2019	<u>59</u>	<u>15,030</u>	<u>-</u>	<u>4,764</u>	<u>19,853</u>
NET BOOK VALUE					
At 31 July 2019	<u>221</u>	<u>20,579</u>	<u>1,266</u>	<u>1,116</u>	<u>23,182</u>
At 31 July 2018	<u>222</u>	<u>21,213</u>	<u>216</u>	<u>1,344</u>	<u>22,995</u>

Inherited land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost and subsequently under the transitional provision of FRS102 inherited land was revalued at 1st August 2014. Both revaluations were undertaken by firms of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Proactive 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.

Land and building include land at valuation of £2,516,000 (2017 - £2,516,000) which is non-depreciable.

PLUMPTON COLLEGE

Notes to the Financial Statements
For the Year Ended 31 July 2019

13 TRADE AND OTHER RECEIVABLES

	2019	2018
	£'000	£'000
Trade receivables	998	895
Prepayments and accrued income	700	657
Other taxation and social security	6	12
Amounts owed by the ESFA	-	-
Other	202	298
Total trade and other receivables	1,906	1,862

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£'000	£'000
Bank loans and overdrafts (Note 16)	881	1,171
Payments received in advance	33	-
Trade payables	523	529
Other tax and social security	298	303
Payments on account	-	-
Other creditors	7	(17)
Accruals and deferred income	1,431	1,743
Deferred income - government capital grants	423	796
Amounts owed to the ESFA	224	-
Total creditors	3,820	4,525

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£'000	£'000
Bank loans (Note 16)	1,980	2,211
Deferred income - government capital grants	7,939	7,053
Total creditors	9,919	9,264

NOTE: £770k invoiced to students for 19/20 accommodation, included in debtors and deferred income.

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2019

16 MATURITY OF DEBT

	2019	2018
	£'000	£'000
Bank loans and overdrafts are repayable as follows:		
In one year or less	881	1,171
Between one and two years	238	235
Between two and five years	350	721
In five years or more	1,392	1,255
Total maturity of debt	2,861	3,382

The College has a loan with which is unsecured and repayable by quarterly instalments repayable in 2028. The college also has an unsecured loan from SALIX for the upgrading of lighting which is due to be repaid in October 2020, and a working capital facility.

17 PROVISIONS

	Defined benefit obligations	Other	Total
	£'000	£'000	£'000
At 1 August 2018	(3,131)	-	(3,131)
Expenditure/additions in the period	(2,188)	(100)	(2,288)
At 31 July 2019	(5,319)	(100)	(5,419)

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme (note 23).

The College recognises a provision for a potential Environment Agency fine arising from a 2016 incident that advertently led to waste water and slurry running off the College fields and into one of the water courses. By working with the College insurers, the College has rectified this situation.

18 CASH AND CASH EQUIVALENTS

	2018	Cash flows	2019
	£'000	£'000	£'000
Cash and cash equivalents	248	39	287
Overdraft	-	-	-
Total cash and cash equivalents	248	39	287

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2019

19 CAPITAL COMMITMENTS

The College has not yet entered into new capital commitments but anticipates expenditure in 2020 relating to the completing the Stanmer project and starting the Agrifood project.

20 FINANCIAL COMMITMENTS

At 31 July the College had commitments (under non-cancellable operating leases) as follows:

	2019 £'000	2018 £'000
Land and Buildings		
Not later than one year	123	84
Later than one year and not later than five years	127	54
Later than five years	<u>4</u>	<u>7</u>
	254	145
Equipment		
Not later than one year	154	155
Later than one year and not later than five years	240	313
Later than five years	<u>-</u>	<u>-</u>
	394	468

21 POST BALANCE SHEET EVENTS

There were no post balance sheet events of a material nature which the Corporation felt should be referred to in the notes to these financial statements.

22 RELATED PARTIES

Due to the nature of the College operations and the composition of the Corporation (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 Corporation may have an interest. All transactions involving organisations in which a member of the Corporation may have an interest, are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. Transactions with the Education and Skills Funding Agency are detailed in notes 2, 13 and 14.

The College hold a 27% interest in Woodland Enterprise Ltd (WEL), a company limited by guarantee (£1). WEL owns a leasehold site and facilities at Flimwell, at which it is seeking to develop skills in wood production and use. The College appoints two directors (currently the Principal and the Estate Manager) to the WEL Board. It has an arm's length sub-lease with WEL for two workshops on the site, and provides various management services to WEL. During the year rent was paid to WEL of £600 (2018 £623).

The College owns the whole of the issued share capital of One Garden Brighton Limited amounting to £1(1 ordinary share of £1) which was incorporated on 17th July 2019. Since the date of its incorporation there has been no activity in One Garden Brighton Limited.

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2019

23 DEFINED BENEFIT OBLIGATION

This note should be read in conjunction with the accounting policy on pensions and other retirement benefits. College employees have the option to belong to the Teachers' Pension Scheme (TPS) if they are teaching staff, or the Local Government Pension Scheme (LGPS), if they are not. Access to the TPS is assured for teaching staff under the Teachers pensions regulations 1997, schedule 2, paragraph 6; access to the LGPS for non-teaching staff under the LGPS Regulations 1997, regulation 4, paragraphs 2 and 3. Colleges do not have the right to refuse membership to eligible staff. Of the 359 eligible employees at July 2019, 118 were members of the TPS and 158 were members of the LGPS.

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.

Teachers' pension budgeting and valuation account

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website. The pension costs paid to TPS in the year amounted to £989,000 (2018: £1,490,000)

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2019

23 DEFINED BENEFIT OBLIGATION (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit Scheme, which provides inflation-linked pension benefits from state pension age at (from 2008) 1/60th of final salary together with other benefits all within a cost envelope. The assets of the LGPS are managed by local - in our case East County Council (ESCC) – trustee-administered pension Funds, with the assets attributable to each employer held in separate funds. The ESCC Pension Fund is also responsible for pension payments and administration.

The assets and liabilities attributable to the College are subject to a full valuation by the Scheme's actuary every three years, the last being as at March 2016, and the valuation assumptions are reviewed and updated by the Actuary in each intervening year. The Corporation takes into account this actuarial advice in reaching its judgement about the value of the LGPS assets and liabilities attributable to the College to be included in its balance sheet. For the year to March 2017 the contribution rate was 18.5%, from April 2017 the contribution rate was 16.76% plus £44k for historic deficits. The employee contribution rates are tiered and range from 5.5% to 9.9% dependent on employees' salaries.

The total pension cost for the College within staff costs for the year was:		2019	2018
		£'000	£'000
Teachers Pension Scheme contributions paid		547	589
Local Government Pension contributions paid	625	562	
Local Government Pension FRS 102 (28) charge	<u>688</u>	<u>701</u>	
Charges to statement of comprehensive income (staff costs)		<u>1,313</u>	<u>1,263</u>
Total pension cost for the year within staff costs (notes 7)		<u>1,860</u>	<u>1,852</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. Contributions amounting to £61k (2018 £60k) were payable to the schemes at 31 July and are included within creditors.

Employer service costs

The cost of current year service and past service costs is charged, together with the Employer Contribution to the TPS, to the Statement of Comprehensive Income as staff costs (Note 7) and is calculated as follows:

	2019	2018
	£'000	£'000
Employer service costs (net of employee contributions)	<u>1,299</u>	<u>1,289</u>

The Current Service Cost is the increase in the present value of funded liabilities expected to arise from the service in the period of LGPS members employed by the College. The actuary has advised that the cost of employer service cost for 2019/20 is projected at £1,467k.

	2019	2018
	£'000	£'000
Interest income on plan assets	394	337
Interest on pension liabilities	<u>(490)</u>	<u>(452)</u>
Pension finance cost	<u>(96)</u>	<u>(115)</u>

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2019

23 DEFINED BENEFIT OBLIGATION (continued)

When it is a net credit then it is credited to the Statement of Comprehensive Income as a Pension Fund Credit under Investment Income (note 6). When the interest charge exceeds the expected return on the Scheme's assets the difference is charged to the Statement of Comprehensive Income as Interest and Other Finance Costs (Note 10). In 2019 the Return on the Scheme's assets was £761K (2018: £805K). This was based on the College's expectation, based on actuarial advice, at the beginning of the period of an overall 4.0% long-term investment return (i.e. including both income and changes in fair value but net of investment expenses) on Scheme assets, broken down in the table below. One year's less discounting is applied because the benefits are one year closer to settlement. The interest charge equivalent to the resultant increase in the present value of the liabilities was £490K in 2019 (2018: £452K).

Amounts recognised in other comprehensive income

	2019 £'000	2018 £'000
Return on pension plan assets	761	805
Experience losses arising on defined benefit obligations	(1)	(1)
Change in assumption underlying the present value of plan liabilities	(2,165)	801
Pension finance (cost)/credit	(1,405)	1,605

The College's share of the ESCC Pension Scheme assets is estimated to be 0.33%. The fair value of the Scheme's assets attributable to the College at the balance sheet date amounted to £15,411k at 31 July 2019 (2018: £13,875k). Fair values are expressed at bid prices as required by FRS102, and are made up as follows:

	Long-term rate of return 2019	Long-term rate of return 2018	Fair value 2019 £'000	Fair value 2018 £'000
Equities	4.0%	4.0%	10,479	9,990
Bonds	4.0%	4.0%	3,082	1,943
Property	4.0%	4.0%	1,387	1,388
Cash	4.0%	4.0%	462	555
Total market value of assets			15,411	13,875

The expected returns shown above relate to the average annualised total returns over 20 years. Actuarial advice is that, on the basis of the risk assumptions used, the outperformance of equities relative to cash over the longer term will tend towards 4%. Given the high proportion of "active" members, i.e. current employees, at the College relative to our deferred pensioners and pensioners, the Corporation is generally comfortable with the significant equity exposure of the ESCC Pension Fund. However, the corollary is a relatively higher volatility in actual returns (and hence in balance sheet values) from year to year.

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2019

23 DEFINED BENEFIT OBLIGATION (continued)

Changes in fair value of plan assets

The Scheme's assets are also affected by the receipt of contributions from employees and from the College as employer, and by the payment of pension benefits out of the Scheme, as shown in the following reconciliation table:

	2019 £'000	2018 £'000
Assets at start of period	13,875	12,273
Interest income	394	337
Return on assets (excluding amounts included in net interest)	761	805
Employer contributions	611	588
Employee contributions	206	200
	<hr/>	<hr/>
Benefits paid	(435)	(328)
Assets at end of period	15,412	13,875

Changes in present value of defined benefit obligation

The Present Value of liabilities is based (in accordance with FRS102) on the Projected Unit method of valuation. This is an accrued benefits valuation method in which the Scheme liabilities make allowance for projected earnings. Under an accrued benefits valuation method the Scheme liabilities at the Valuation date relate to (a) the benefits for pensioners and deferred pensioners and their dependents, allowing where appropriate for future increases, and (b) the accrued benefits for members in service at the Valuation date.

The cost of current year service and past service costs is charged, together with the Employer Contribution to the TPS, to the Statement of Comprehensive Income as staff costs (Note 7) and is calculated as follows:

	2019 £'000	2018 £'000
Liabilities at start of period	17,006	16,193
Service cost	1,299	1,289
Interest cost	490	452
Employee contributions	206	200
Actuarial loss/(gain)	2,165	(800)
Benefits paid	(436)	(328)
	<hr/>	<hr/>
Liabilities at end of period	20,730	17,006
	<hr/>	<hr/>
Funded	20,724	16,999
Unfunded	6	7

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2019

23 DEFINED BENEFIT OBLIGATION (continued)

Principal actuarial assumptions

The present value of the liabilities shown at July 2019 is based on a full actuarial valuation of the Scheme as at March 2019 which has then been reviewed and updated by the actuary for subsequent year ends with the following changes in financial and demographic assumptions:

1 Inflation assumption (CPI) remained at 2.4% based on the difference in gross redemption yields of traditional and index-linked gilt-edged securities at the respective balance sheet dates. Pensions are assumed to increase in line with inflation.

2 Salaries are assumed to rise by 2.8% per annum, remaining the same from 2018.

3 Discount Rate applied to liabilities is based, in accordance with FRS102, on the return on a high quality corporate bond of equivalent term and currency to the liability. The discount rate is based on the gross redemption yield on the iboxx Sterling Corporates Index. For the 2019 valuation the discount was 2.1%, down from 2.8%.

4 Commutation Rate allowance is included for future retirements to elect to take 50% of the maximum additional tax free cash up to HMRC limits for pre-2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

5 Mortality assumptions are based on the Fund's VitaCurves and are improved in line with the CMI 2018 model as shown below:

	Males 2019	Females 2019	Males 2018	Females 2018
Current pensioners	21.2	23.5	22.1	24.4
Future pensions	22.1	24.9	23.8	26.3

Vita Curves with improvements in line with the CMI 2018 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.

Movements in net defined benefit (liability) during year

The College net pension deficit has fluctuated over the last four years, as both pension fund assets and liabilities have consistently grown.

	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Pension fund assets	15,411	13,875	12,273	11,124
Pension fund liabilities	(20,730)	(17,006)	(16,193)	(15,531)
Net pension deficit	(5,319)	(3,131)	(3,920)	(4,407)
Movement in year:			2019 £'000	2018 £'000
Net defined (liability) at 1 August			(3,131)	(3,920)
Current service cost			(1,299)	(1,289)
Employer contributions			611	587
Net (interest)/return on assets			(96)	(115)
Actuarial gain/(loss)			(2,165)	801
Return on assets			761	805
Net defined (liability) at 31 July			(5,319)	(3,131)

