

PLUMPTON COLLEGE

Report and Financial Statements  
for the year ended 31 July 2021

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## INTRODUCTION BY THE CHAIR

I am pleased to present to you our Annual Report as Chair, for 2020/21. Outside of the unprecedented external influences created by the pandemic, it has been an incredibly busy year. It has been inspiring to witness the resilience and commitment of our students and teaching colleagues through this period which has resulted in high performance across the college and provided the college with strong foundations to build upon. We are proud of our high student achievement and retention rates alongside strong student and staff satisfaction rates.

Effective governance through times of a national crisis is crucial and as a Corporation we have closely monitored the developments of COVID-19 and in particular the impact on our students, staff and the college. Despite the restrictions which have prevented meetings in person we have effectively maintained continuity of governance and adapted to work well in a virtual way. As a Board we utilised the ability to meet virtually ensuring effective engagement and monitoring whilst collaboration has continued with each other as well as with our key stakeholders.

The development of our facilities across Plumpton remains a priority. Over the last year at a time when many FE colleges have been struggling financially, our prudent financial management has meant that we have been able to keep investing in capital build projects for the benefit of our students and the long-term success of the College. I am proud that we recently opened a Centre of Horticulture Excellence at One Garden Brighton in partnership with regional stakeholders. In addition, we have begun delivering our innovative £9m Agri-Food capital investment programme. These new purpose built facilities will enable our students and future workforce to be taught the new technological, robotic and artificial intelligence skills that the land-based sector and a resilient economy requires, in showcase state of the art buildings.

As we await the outcomes of the United Nations Climate Change Conference of the Parties - COP26, Plumpton College has continued to demonstrate climate leadership and remain committed to providing the future skills required by employers for the transition to a highly sustainable, zero carbon economy. Partnership remains a cornerstone of our educational delivery to students. Our success is based, in part, on our strong relationships with industry partners who can provide real life experience and knowledge to enhance our student experience. As a result of these partnerships, we have secured funding from the DFE to lead on an innovative national project which will help to secure our region's position as a national and local leader in green technologies and sustainable land management and food production.

Looking to the year ahead we will be working with our many partners to agree a new ambitious strategic plan that is open, effective, and collaborative which recognises that as the land-based sector transforms around us, we must also change. I am confident that through this process, we will realise our ambition to be a more agile, responsive, and environmentally sustainable college that will embrace educational innovation that nurtures skilled, adaptable, and resilient students.

On behalf of the Corporation, I would like to take this opportunity to express our deepest gratitude to our students, staff and parents/carers for their versatility and positive response to the challenges over the last year. I would also like to thank those valued members of the Corporation who stepped down this year for their commitment and significant experience in supporting the transformation of the college.

Whatever the future has in store, we have no doubt that the wider community of Plumpton College can continue to apply its collective ingenuity and determination to inspire students, sustain and grow our college and play our full part in regional and national recovery. In the following annual report we share just a few examples of the ways in which we are already doing just that.

## STRATEGIC REPORT

The Governors of Plumpton College are pleased to present their report and the audited financial statements For the Year Ended 31 July 2021.

### 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. Outstanding whole college response to Covid-19, resulting in over 2000 students continuing learning online
2. Excellent retention and achievement rates for 16-18 and 19+ learners across all study types
3. Outstanding financial outturn in the light of Covid-19
4. Excellent progress in the provision of inspirational and professional learning environments across the wider college estate
5. Strong staff morale and recognition of improving leadership and communication across the college.

## Chief Executives Report

We entered this last year still with a high level of uncertainty due to the pandemic, and therefore continued risk relating to many aspects of our operational performance. All members of the College's board and staff can be extremely proud of not only our College wide response to that situation but the continued progress and achievements we and our students have made in spite of it. With a clear and well thought out business plan to ensure our students could continue to receive the best possible educational experience whilst maintaining the safety of them and our staff. A blended delivery model was devised for nearly all study types, which saw the majority of students learning in College, combined with part of their course being delivered online. This enabled the College to manage reduced numbers of students on site to effectively enable safety measures such as social distancing. The model served us extremely well; its adaptability enabling our ability to be able to increase either College based or online learning time in response to the wider Covid-19 context throughout the year. This meant that students experienced an uninterrupted learning experience and was reflected in their achievements and satisfaction levels, as well as very low levels of Covid-19 amongst staff and students.

With excellent levels of support being provided to students pastorally, from a safeguarding perspective and with aspects such as their IT access, the College sustained its outstanding student retention figure of 94%, showing a marginal (1%) increase on the previous year and firmly placing us in the upper decile for student retention nationally. Continual modifications to student assessments and with best use made of the blended model for theory and practical teaching and assessment, the majority of students were awarded their qualifications and grades based on their actual performance through the year. Maintained high levels of student attendance (>87%), the consistent learning experience and the outstanding support provided all contributed to excellent student pass rates, with overall achievement rates near or at the 90<sup>th</sup> percentile for most courses. This places the College firmly within the top 10% of providers nationally, and pleasingly, for a fifth consecutive year, GCSE English and maths results also exceeded the national average for high grades. Disappointingly, attendance gaps appeared between vocational and English/maths lessons during the year, largely due to the latter being primarily delivered online, but this didn't impact on achievement rates, partly due to the excellent use of additional tuition funds to allow more small group tuition under the College Flying Start initiative.

The learning from the previous year had provided valuable feedback regarding online teaching and as a College, we decided to adopt a new teaching, learning and communication platform for academic year 20/21. Microsoft teams was introduced and staff went through a period of intensive training for the start of the year, enabling all online lessons to be delivered as live lessons. This provided undoubted benefit in terms of student engagement and staff across the College adapted impressively to use this and other learning technologies to enhance the learning experience with many examples of outstanding practice evident. Classroom teaching provided an equal challenge given the need for teaching spaces to be set out to allow for social distancing, and therefore with a noticeable reduction in the proportion of student led activity. The College did successfully devise and implement a new teaching and learning observation process during the year and this enabled us to effectively evaluate quality, providing a rich picture with which to drive support for teachers.

The College was one of only twenty partnerships nationally to be awarded the DfE College Collaboration Fund, which enabled us to work with two other providers to conduct research

into the effectiveness of online learning. The outcomes of the study enabled us to tailor teacher training in-year and informed our delivery model and plans for the continued use of online learning for 21/22 and beyond. The College's work with employers continued in its many guises and the continued adaptability of staff in teams resulted in the college bucking national trends regarding the number of students who were able to successfully complete their work placements and in our apprenticeship recruitment, in which we saw the highest ever number of new apprenticeship starts. Progress was made in the year to improve aspects of apprenticeship student experience and even more so in the administration of these programmes. This resulted in an improvement in our students' overall apprenticeship achievement rates, placing us above the national average for the first time in some years. Timely completion was undoubtedly affected by business interruption due to Covid-19 and remains an area of focus for the year ahead.

The College attracted more students and from further afield than ever for the year. The number of 16-18s saw its greatest growth for several years of c8% and contributing to an overall 30%+ increase in full time students over the past five years. This demonstrates the college's ability to successfully increase its market share given the declining demographic in East Sussex and beyond during the same time.

2020/21 also saw the college fully utilise all of its adult education budget due to a combination of very high adult enrolment onto full time courses and the continuation of all of our part time activity throughout the year, with courses even being started and partly delivered online due to the national lockdown. This again bucked the trend nationally and demonstrated the value and impact of the agile and can-do approach shown consistently by staff across the college. Higher education student numbers achieved their highest level for five years.

The College also responded to the pandemic by creating a highly innovative retraining programme designed to provide opportunities for those whose employment had been affected to be retrained and upskilled ready to join a land based sector, many parts of which continued to experience skills gaps. The first of these was rolled out to the viticulture industry and the programme has continued to be developed, with five further Sector based work academy programmes run during the year and all designed around the need of individual employers. Each programme resulted in successful job outcomes for the majority of those who attended it, and the success of this led to the College being one of only three nationally to be awarded additional funding to extend the programme in 21/22.

The College's ability to continue to attract more students, deliver ever more consistent high standards of education and increasingly meet the changing needs of its employers further demonstrates our position as a market leader regionally. Community relations remain strong, as influenced by the number of collaborative projects undertaken which benefit student learning, as well as the continued growth of apprenticeship provision, for which SMEs still make up a significant proportion. The College works closely with both the South East LEP and Coast to Capital LEP, with whom we retain excellent relationships and are engaged through skills boards, employer advisory panels and rural skills strategy groups.

The strength of those relationships contributed to the awards of funding received which enable the College to complete its development at Stanmer Park. In doing so, which saw the opening of One Garden Brighton at Easter, the College has created an inspirational destination, to be enjoyed and experienced across its local communities and most importantly, be a Centre of Excellence in Horticulture and a showcase of the College at its best.

In addition, the College invested a further £0.8m of funds into facility and equipment developments at Plumpton, enabling continued investment in teaching and meeting spaces, as well as a refurbished gym, and improved IT facilities. Money was also released in year from contingency specifically for impacting enhancing student experience. The South East LEP also kindly donated a further £1.5m to the Agri-Food project, enabling work on site to begin in earnest at the end of the academic year.

The significant changes made over a number of years to the College's operating business model, our financial prudence and effective control and financial management see the College in its healthiest financial position for over a decade. Operationally, we have secured a third consecutive operating surplus and existed without the need for an external credit facility. A desire to build up cash reserves saw some discretionary spend deferred and the release of some peripheral assets. The cash reserves target has been met from these sales and those continued year on year improvements in operational performance and cash generation. The resulting strong financial footing, allowing for prudent but confident decisions regarding reinvestment in maintenance, minor capital works and new assets.

In a very challenging year, it is without doubt that it was due to the versatility and commitment of the whole staff body that resulted in so many positive outcomes. Staff from across the College continued to inform our operating model throughout the year and these increased levels of engagement and communication were reflected in our most positive staff survey. It is a testament to governors, leaders and all staff that our excellent operational performance during the year enabled us to begin identifying those strategic priorities for our future, in light of so much change across the land based and educational sectors. This provided the College with a platform with which to make a head start in areas such as Sustainability and Equality Diversity and Inclusion prior to the development of our new Strategic Plan, which will be developed with staff, students and stakeholders over the coming twelve months.

### **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.

### **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

### **Principal 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. Corporation reviews the strategic risk register every 2 months and the risk policy every 2 years. In addition papers including the Principal's report, Management accounts and project updates include dedicated sections reporting risk.

**Covid-19:** The College has seen a significant impact on its income due to lockdown and social distancing measures. The Association of Colleges has commented on the financial impacts of Covid-19 on land based Colleges and those with high levels of commercial income which in other times are seen as an area of financial strength. Over two financial years Covid-19 has led to a significant loss in respect of the pension scheme and the impairment of an asset, the adventure



education centre at Bwlch Mwlchan, Snowdonia. The College rapidly took action to mitigate the financial impacts and maintain an operating surplus. For the year ahead the Colleges has undertaken scenario planning and approved new budgets at lower income levels that deliver an operating surplus. In addition the College has put in place policies, risk assessments and social distancing measures to minimise the operational impact.

Income: The College has reliance on continued government funding through the further and higher education sector funding body grants. Combined with a loss of fee and commercial income due to Covid-19 the proportion of College revenue from funding body grants remains high at 60.5% (2020: 61.7%). 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, notably the forthcoming white paper.

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 secured a new banking relationship including banking, overdraft and loan facilities and will be completing its transition from Lloyds to Clydesdale (Virgin Money) during 2022 financial year.

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. For 3 consecutive financial years the College has been able to adjust its staffing and spending decisions to deliver a surplus before FRS 102.

Brexit: The College has an additional Brexit risk register to track risks and mitigations for international students and staff, supply chains and logistics, exchange rates, EU/UK funding, delays to business decision making and product sales. Whilst the withdrawal agreement has been signed, there remains uncertainty on the impact of Brexit on the education and land based sectors.

## Financial results

From 2021 the financial statements are presented in Group form, separating out the performance of the College from the Group which includes the wholly owned College subsidiary One Garden Brighton. Unless otherwise specified, the Group is referred to as the College in the report, and is separately identified as College and Group in the financial statements.

The College has an adjusted operating surplus of £575k before FRS102 pension charges to staff costs (2020: surplus £149k). The College Financial Statements show a deficit £123k total comprehensive income for 2021 (2020: deficit £5,839k), primarily due to the impact of the pension actuarial loss. For purposes of providing greater clarity a notation is provided to the Statement of Comprehensive Income reporting unadjusted and adjusted operating surplus/deficit.

Total income for 2021 rose by 8.3% to £18,253k (2020: £16,854k). The College continued to be impacted by Covid-19 but growth in student numbers, demand from businesses and the opening of One Garden Brighton has boosted income close to the pre-pandemic peak. Funding body grants (including Local Authority high needs funding and release of deferred capital grants) are the largest source of income at £11,096k (2020: £10,391k) due to the impact of Covid-19 this remains a higher proportion of total income than pre-pandemic levels at 60.8% (2020: 61.7%).

Total expenditure for 2021 rose by 5.6% to £18,763 (2020: £17,818k) inclusive of FRS102 pension liability. The growth in expenditure remains below the growth in income as the College continues its successful response to Covid-19 and improving its operating position despite additional costs such as IT and cleaning. Staff costs are the largest source of expenditure at £11,388k (2020: £10,856k). Due to Covid-19 staff costs as a percentage of income remained higher than usual at 62.4% (2020: 64.4%) unadjusted or 56.4% (2020: 58.7%) exclusive of FRS102 pension charges.

The College continued to invest to improve its educational infrastructure. Capital additions were £4,541k (2020: £911k). This included investment partially funded by the Coast to Capital and South East Local Enterprise Partnership with the majority of additions being One Garden Brighton (the Stanmer Park project) or assets under construction for the Agrifood project. Total borrowing continued to fall during the year to £1,961k (2020: £2,084k) all of which remains unsecured in 2021 but will be secured as part of the move from Lloyds to Clydesdale (Virgin Money). This represents a very low level of borrowing as a proportion of income at 10.7% (2020: 12.4%), this is comfortably below the Association of Colleges guidance of 40% of income.

## Reserves policy

The Corporation has reviewed its reserves policy in the light of Charity Commission guidance (CC19), the business risks and opportunities that it sees over the next 5 years. On an annual basis the College will set out the specific actions required to meet its reserves target. In the short-term the College needs cash, or access to cash, to meet; normal fluctuations in our working capital during the year, these arise principally due to the timing of our main FE Grant-

In-Aid income, and varies by £800k between months; uncertainty about the level and timing of other grant streams and non-grant income; risk of additional unbudgeted costs e.g. to meet unforeseen regulatory requirements or restructuring; sector wide difficulties in securing, or retaining, access to loan and working capital facilities.

The Corporation has accordingly set a Liquidity Target to be achieved by the end of 2020/21 financial year, of holding at all times cash plus access to overdraft facilities totalling £0.8m, broadly equivalent to one month's salary bill. In the longer-term the College needs greater cash reserves to; repay existing long-term loans as they fall due; contribute to the fixed and working capital costs of developing new business and major projects; cover any restructuring costs associated with changes in demand; meet any long-term costs of crystallising liabilities, e.g. pensions.

The Corporation has reviewed and retained the reserves targets set out in last year's Financial Statements but has tightened the range based upon the strong College financial performance.

- cash holding of between £2.0m and £2.5m at 31 July 2023,
- cash holding of between £3.0m and £3.5m at 31 July 2025.

The Corporation regards these Reserves Targets as the College primary Financial Objectives. They are supported by other financial targets, including the bank covenants and ESFA financial health KPIs.

### **Cash flows and liquidity**

The College held cash and cash equivalents at the end of year of £2,297k (2020: £937k). The College has generated cash of £1,360k after investing and financing activities. The College has a working capital facility available to support the cashflow requirements experienced by the FE sector, however it has not had to use this facility due to the improvement in its cash reserves.

### **Treasury policies and objectives**

Treasury management is the management of the College 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.

### **Payment performance**

The College is committed to the terms of the Prompt Payment Code, with a target of paying all invoices within 30 days of receipt and ensuring 95% of invoices are paid within 60 days of receipt excluding disputes. The 60 day target was achieved.

### **Going Concern and Future prospects**

The College has continued to adopt the going concern basis in preparing the financial statement and believes 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 and Stanmer sites. In 2021 the Corporation reviewed and re-approved the Agrifood development, part funded by the South East Local Enterprise Partnership.

### **Events after the end of the reporting period**

None.

### **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 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 auditors are aware of that information.

Approved by order of the members of Corporation on 7<sup>th</sup> December 2021 and signed on its behalf by:



J Dougill, 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 1<sup>st</sup> August 2020 to 31<sup>st</sup> July 2021 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 2021, with the exception of the maximum term of office for Governors. An explanation of the reasons for the maximum term of office being exceeded by some governors can be found on page 14. The Governing Board recognises that, as a board entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. The college complied with the Office for Students ongoing conditions of registration and terms and conditions of funding.

### Legal Status and Public Benefit Statement

The corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Plumpton College. The college has one wholly owned subsidiary 'One Garden Brighton Ltd'.

Plumpton College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Board, who are trustees of the charity, are disclosed on pages 14-15. In setting and reviewing the college's strategic objectives, the Governing Board has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

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 public benefits delivered are described in the Strategic Report on pages 4-10.

## 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.

Name	Background	Date of appointment	Appointment expires	Committee Membership	Committee meetings attended In 20/21	Corporation meetings attended in 20/21
Julie Dougill (Chair from 1 <sup>st</sup> Aug 20)	Local Authority	16 Dec 2014	15 Dec 2022	Search and Governance TAFG Finance Remuneration	3/3 11/11 2/2	16/16
Stan Stanier (Vice Chair to 31 <sup>st</sup> July 21)	IT / education	28 Mar 2006 Re-appointed 27 Mar 2014 & 27 Mar 2018 21 Jan 2020	27 Jul 2020	Search and Governance TAFG Finance Audit Remuneration	3/3 7/11 5/5 2/2	14/16
Jeremy Kerswell (Principal)	Plumpton College Principal	5 Oct 2015	N/A	Search and Governance TAFG Finance	3/3 11/11	16/16
Helen Atkinson	Finance Education	17 Sept 19	16 Sept 23	TAFG Finance	8/8	10/13
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 & Oct 19, Oct 20	5 Dec 2021	TAFG Finance Audit Remuneration	11/11 5/5 2/2	15/16
Sarah Blake	Support Staff Governor	7 Nov 2017	8 Mar 2021	n/a	n/a	5/8
Ella Charman	Support Staff Governor	22 June 2021	9 July 2021	n/a	n/a	2/2
Fiona Chalk	Governance	1 Jan 2021	31 Dec 2025	n/a	n/a	11/11
John Evans	Business Advice	1 Oct 2003, Re-appointed Oct 11, Dec 16, Oct 17 & Oct 19, Oct 20	31 July 21	Search and Governance	3/3	13/16
Sarah George	Academic Staff Governor	28 Apr 20	27 Apr 24	n/a	n/a	14/16
Doug Jackson	Business / Agriculture	26 June 19	25 June 2023	TAFG Finance Remuneration	8/11 1/2	11/16
Hilary Knight	Food and Drink Business	1 Jan 2021	31 Dec 2025	n/a	n/a	10/11
Timothy Laker	Education and Construction projects	4 Jul 2017 & Oct 20	3 Jul 2025	Audit	4/5	8/16
Leeni Lear	Education	4 Jul 2017	3 Jul 2021	Search and Governance	3/3	15/16
Raluca Maidment	Student Governor	24 Nov 2020	31 Jul 2021	n/a	n/a	10/12
John Moore-Bick (Vice Chair from 1 <sup>st</sup> Aug 21)	Armed Forces	15 Dec 2015 & 22 Oct 2019	14 Dec 2023	Search and Governance	2/3	15/16
Gillian Payne	Staff Governor	28 Sept 2021	27 Sep 2025	n/a	n/a	n/a
Peter Taylor	HE	1 <sup>st</sup> August 2021	31 July 2025	n/a	n/a	n/a
Stephen Waite	HE	5 Jun 18	4 Jun 2022	Audit	5/5	14/16

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>4/5</i>	<i>n/a</i>
<i>Mark Filsell</i>	<i>Co-opted Member of Audit Committee</i>	<i>25 May 2021</i>	<i>24th May 2025</i>	<i>Audit Committee</i>	<i>0/0</i>	<i>n/a</i>

Stan Stanier, John Evans, Leeni Lear, Sarah Blake and Raluca Maidment left the Corporation during the year. Corporation would like to thank them for their valued contribution in particular to Stan Stanier, who was Chair from 2007 to July 2021, and John Evans for their outstanding long service and commitment to the college and governing board.

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 and with effect from 2021/22 a Finance Committee. In addition Task and Finish Group (TAFG) committees are convened to consider specific items in more detail as appropriate. A TAFG met during the year to consider the financial impact of Covid19. 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 and Governance 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 and Governance 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 Board. 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. Governor training in 2020/21 included Safeguarding, Self-Assessment delivered by an HMI, Climate Road Map delivered by FE/HE Climate Commissioner, High Needs Students, Curriculum Intent and Employer Engagement Strategy. Governors are also encouraged to attend external courses. The Chair of Governors participated in the ETF/Said Business School Leadership Development Programme. Governors attended the AoC Governor Inductions. The Clerk completed the Technical aspects of being a Governance Professional / Clerk - Intermediate Level Programme and attend Clerks network meetings.

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 in 2020/21 had 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 and Governance Committee, we re-appointed Mike Atkinson, John Evans and Stan Stanier 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. John Evans provides valuable sector and commercial expertise. Stan Stanier served as Chair from December 2013 to July 2021. Stan's reappointment allowed him to serving as Vice Chair in 20/21, supporting the new Chair in her first year in office. Stan Stanier and John Evans both retired at the end of their term of office in July 21. The Corporation



currently has one governor, Mike Atkinson, who has served more than two terms of office of 4 years.

### **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 an 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. In response to COVID-19 all Governor meetings were successfully moved on line, with no interruption to Corporation business. The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2021 and graded itself as "Good" on the Ofsted scale.

### **Remuneration Committee**

Throughout the year ending 31 July 2021 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. 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.

Remuneration of other managers and staff is the responsibility of the Principal. In determining pay of Senior Staff 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. Corporation formally adopted the AoC Senior Staff Remuneration Code on 26th February 2019 and has due regard to the "Higher Education Senior Staff Remuneration Code" published by the Committee of University Chairs. Apart from the Principal and staff governors, Corporation members are not remunerated. Details of remuneration for the Year Ended 31 July 2021 are set out in note 7 to the financial statements.

## **Audit Committee**

The Audit Committee comprises four members of the Corporation (excluding the Accounting Officer and Chair) and two Co-opted members. 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 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. Corporation re-appointed Mazars as external auditors for a further year, following an invitation for expression of interest from alternative providers.

The audit committee met five times in the year to 31 July 2021. The members of the committee and their attendance records are shown below:

Committee member	Meetings attended
Mike Atkinson	5/5
Tim Laker	4/5
Stan Stanier	5/5
Stephen Waite	5/5
Yvonne Hopkins	4/5

## **Task and Finish Group**

A Task and Finish Group met to monitor the Financial impact of COVID-19. This committee met on a monthly basis during 2020/21. With effect from 2021/22 this committee has been replaced with a Finance Committee, meeting 5 times per year.

## **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 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 2021 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 2021 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, a system of delegation and accountability, and a risk based approach (including an evaluation of the likelihood and impact of risks becoming reality). 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 Board
- regular reviews by the governing board of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- 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.

#### *Control weaknesses identified*

No significant concerns on internal controls were raised during the course of the 2021 external audit by Mazars.

### *Risks faced by the Corporation*

Key risks are covered within the strategic report. Risk assessment and internal control are embedded on ongoing operations. Corporation reviews the risk register, which covers business, operational and compliance risk as well as financial risk every 2 months and the risk policy every two years. In addition papers, including the Principal's report, Management Accounts and project updates include dedicated sections reporting risk.

### *Responsibilities under funding agreements*

Corporation is responsible for ensuring that the College's funds are used only in accordance with the Corporation's powers as set out in the Further and Higher Education Act 1992 and the College's own statutory duties and other obligations. Policies and procedures are in place that set powers of authorisation and situations where corporation approval is required. An independent clerk supports the governance function, and the corporation's decision-making.

### *Statement from the audit committee*

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

The specific areas of work undertaken by the audit committee in 2020/21 and up to the date of the approval of the financial statements are:

- monitored, and tracked the follow-up of external assurance work conducted by regulatory/funding bodies and by the internal auditors, together with internal assurance reviews conducted by management; this assurance work covered not only financial controls but also controls over academic quality, IT Data security and health and safety.
- agreed a prioritised internal audit work programme based on the 3-year outline programme agreed last year, but updated for evolving judgements on key areas of risk.
- carried out ad hoc reviews of financial aspects of the college, including policies and issues referred to it by the Corporation for detailed consideration.

Delivery of the audit and assurance programme for the year was materially affected by periods of closure of the College due to national lockdowns because of Covid-19.

### *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 internal auditors
- 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;
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, in their management letters and other reports
- 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. SMT and Audit Committee have a programme of audit and assurance work, both

internal and external, and framed by reference to risk, which they regularly review and roll forward. The reports include recommendations for improvement, and SMT and Audit Committee monitor their implementation. 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 board 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 2020/21:

J Kerswell	Principal; Accounting officer
C Knell	Finance Director
J Hibbert	Deputy Principal
D Stokes	Vice Principal
P Tanghe	Vice Principal
J Buckley	Vice Principal
S Jeffers	HR Director

### **Professional advisers**

#### **Financial statements auditors and reporting accountants**

Mazars LLP

2<sup>nd</sup> Floor, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS

#### **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

Clydesdale Bank plc (Virgin Money)

170 North Street, Brighton, BN1 1EA

#### **Solicitors**

Brachers

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

Approved by order of the members of the Corporation on 7<sup>th</sup> December 2021 and signed on its behalf by:



J Kerswell  
Accounting Officer



J Dougill  
Chair of Governors

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

The corporation has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the corporation's grant funding agreements and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of grant funding agreements and contracts with the 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 corporation, or material non-compliance with the terms and conditions of funding, under the corporation's grant funding agreements and contracts with the ESFA, or any other public funder.

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



J Kerswell  
Accounting officer  
7<sup>th</sup> December 2021



J Dougill  
Chair of governors  
7<sup>th</sup> December 2021

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

**To: The corporation of Plumpton College and Secretary of State for Education acting through Education and Skills Funding Agency ("ESFA")**

In accordance with the terms of our engagement letter dated 17 November 2021 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Plumpton College during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA has other assurance arrangements in place.

This report is made solely to the Corporation of Plumpton College and the ESFA 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 ESFA 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 ESFA 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, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Code issued by the ESFA. 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 corporation'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 ESFA/funding agreement with the ESFA.
- 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 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

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

**Mazars LLP**

*Mazars LLP*

Chartered Accountants and Statutory Auditor

2<sup>nd</sup> Floor, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Date: **14 December 2021**

## 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 Corporation's grant funding agreements and contracts with ESFA and any other relevant funding bodies, 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 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 gives a true and fair view of the state of affairs of the Corporation and 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the Corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the corporation will continue in operation

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

The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the corporation 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 its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, 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 the ESFA, and any other public funds, are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA, or any other public funder. 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 economic, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk. Approved by order of the members of the Corporation on 7<sup>th</sup> December 2021 and signed on its behalf by



J Dougill  
Chair of Governors

## **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PLUMPTON COLLEGE**

### **Opinion**

We have audited the financial statements of Plumpton College (the 'College') and its' subsidiary (the 'group') for the year ended 31 July 2021 which comprise the Consolidated and College Statement of Comprehensive Income and Expenditure, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheet, the Consolidated and College Statement of Cashflows 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) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and College's affairs as at 31 July 2021 and of the Group's and College's deficit/surplus of income over expenditure for the year then ended;
- 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 Group and 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.

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information contained within the annual report. 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 course of 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; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Corporation**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 26, 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 Group's and 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 liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the College and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the ESFA, OFS, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements.

We evaluated the Members of the Corporation and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Members of the Corporation and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and the College which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Members of the Corporation and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

#### **Other required reporting**

##### **Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992**

In our opinion, in all material respects:

- funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS's accounts direction have been met.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

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

#### **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 Group and 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

2<sup>nd</sup> Floor, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Date: 14 December 2021

**PLUMPTON COLLEGE**

**Statement of Comprehensive Income**

**For the year ended 31 July (£'000)**

		2021		2020	
		Group	College	Group	College
<b>Income</b>					
Funding body grants	2	11,096	11,096	10,391	10,391
Tuition fees and education contracts	3	2,459	2,459	2,289	2,289
Other grants and other contracts	4	356	356	603	603
Other income	5	4,342	3,855	3,571	3,571
<b>Total income</b>		<b>18,253</b>	<b>17,766</b>	<b>16,854</b>	<b>16,854</b>
<b>Expenditure</b>					
Staff costs including FRS102 pension adjustment	6	11,388	11,045	10,856	10,856
Other operating expenses	8	6,140	5,779	5,813	5,813
Depreciation	10	1,158	1,158	918	918
Interest and other finance costs	9	77	75	231	231
<b>Total expenditure</b>		<b>18,763</b>	<b>18,057</b>	<b>17,818</b>	<b>17,818</b>
Operating deficit		(510)	(291)	(964)	(964)
Pension finance costs	9	153	153	121	121
Deficit before other gains and losses		(663)	(444)	(1,085)	(1,085)
Profit/ Loss on disposal of assets		847	847	105	105
Surplus/(deficit) before tax		184	403	(980)	(980)
Taxation	18	-	-	-	-
Surplus/(deficit) for the year		184	403	(980)	(980)
Actuarial loss in respect of pension schemes	23	(2,307)	(2,307)	(4,060)	(4,060)
Return on assets	23	2,000	2,000	(799)	(799)
<b>Total Comprehensive (Expenditure)/Income for the year</b>		<b>(123)</b>	<b>96</b>	<b>(5,839)</b>	<b>(5,839)</b>
<i>All items of income and expenditure relate to continuing activities.</i>					

**Excluding FRS102 defined benefit pension obligations and Covid-19 Impairments**

Operating deficit	(510)	(964)
FRS102 pension adjustment to staff costs	1,085	964
Covid-19 asset impairment	-	149
<b>Adjusted operating surplus</b>	<b>575</b>	<b>149</b>

PLUMPTON COLLEGE  
Statement of Changes in Reserves  
For the year ended 31 July (£'000)

	Income and expenditure account	Revaluation reserve	Total
<b>Group</b>			
<b>Balance at 31 July 2020</b>	<b>(1,239)</b>	<b>2,801</b>	<b>1,562</b>
Surplus from income and expenditure	184	-	184
Other comprehensive expenditure	(307)	-	(307)
Transfers between revaluation and reserves	150	(150)	-
Total comprehensive expenditure for the year	(20)	(150)	(170)
<b>Balance at 31 July 2021</b>	<b>(1,212)</b>	<b>2,651</b>	<b>1,439</b>
<b>College</b>			
<b>Balance at 31 July 2020</b>	<b>(1,239)</b>	<b>2,801</b>	<b>1,562</b>
Surplus from income and expenditure	403	-	403
Other comprehensive expenditure	(307)	-	(307)
Transfers between revaluation and reserves	150	(150)	-
Total comprehensive income/(expenditure) for the year	246	(150)	96
<b>Balance at 31 July 2021</b>	<b>(993)</b>	<b>2,651</b>	<b>1,658</b>



PLUMPTON COLLEGE  
Balance Sheet  
At 31 July 2021 (£'000)

		2021		2020	
		Group	College	Group	College
<b>Non current assets</b>					
Tangible fixed assets	10	24,826	24,826	22,861	22,861
<b>Current assets</b>					
Stock		1,204	1,190	1,203	1,203
Trade and other receivables	11	2,140	2,131	1,071	1,071
Assets held for sale		-	-	-	-
Cash at bank and in hand	16	2,297	2,092	937	937
		5,641	5,413	3,211	3,211
Creditors: Amounts falling due within one year	12	(4,450)	(4,003)	(3,293)	(3,293)
Net current assets /(liabilities)		1,191	1,410	(82)	(82)
<b>Total assets less current liabilities</b>		<b>26,017</b>	<b>26,236</b>	<b>22,779</b>	<b>22,779</b>
Deferred capital grants	13	(10,069)	(10,069)	(8,125)	(8,125)
Creditors: Amounts falling due after one year	13	(1,683)	(1,683)	(1,829)	(1,829)
		14,265	14,484	12,825	12,825
<b>Provisions</b>					
Defined benefit obligations	17	(12,808)	(12,808)	(11,263)	(11,263)
Other provisions	17	(18)	(18)	-	-
<b>Total net assets including pension liability</b>		<b>1,439</b>	<b>1,658</b>	<b>1,562</b>	<b>1,562</b>
<b>Unrestricted reserves</b>					
Income and expenditure account		(1,212)	(993)	(1,239)	(1,239)
Revaluation reserve		2,651	2,651	2,801	2,801
<b>Total unrestricted reserves</b>		<b>1,439</b>	<b>1,658</b>	<b>1,562</b>	<b>1,562</b>

The financial statements were approved by the Corporation and authorised for issue on 7th December 2021 and were signed on its behalf on that date by:



J Kerswell  
Accounting Officer



J Dougill  
Chair of Governors

**PLUMPTON COLLEGE**

**Statement of Cash Flows**

**For the year ended 31 July (£'000)**

	2021		2020	
	Group	College	Group	College
<b>Cash flows from operating activities</b>				
Surplus/(deficit) for the year	184	403	(980)	(980)
<b>Adjustment for non cash items</b>				
Depreciation	1,158	1,158	918	918
Impairment of fixed assets	-	-	224	224
(Increase)/decrease in stocks	(1)	13	(19)	(19)
(Increase)/decrease in debtors	(1,069)	(1,060)	836	836
Increase in creditors due within one year	1,159	711	199	199
(Decrease) in creditors due after one year	(602)	(601)	(443)	(443)
Increase/(decrease) in provisions	18	18	(100)	(100)
Pensions costs less contributions payable	1,085	1,085	964	964
<b>Adjustment for investing or financing activities</b>				
Interest payable	77	75	231	231
Pension finance cost	153	153	121	121
(Profit)/Loss on sale of fixed assets	(847)	(847)	(105)	(105)
<b>Net cash flow from operating activities</b>	<b>1,315</b>	<b>1,108</b>	<b>1,846</b>	<b>1,846</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of fixed assets	941	941	141	141
Capital grant receipts	2,632	2,632	529	529
Payments made to acquire fixed assets	(3,215)	(3,215)	(857)	(857)
<b>Net cash flow from investing activities</b>	<b>358</b>	<b>358</b>	<b>(187)</b>	<b>(187)</b>
<b>Cash flows from financing activities</b>				
Interest paid	(77)	(75)	(231)	(231)
New unsecured loans	13	13	51	51
Repayments of amounts borrowed	(249)	(249)	(829)	(829)
<b>Net cash flow from financing activities</b>	<b>(313)</b>	<b>(311)</b>	<b>(1,009)</b>	<b>(1,009)</b>
<b>Increase in cash equivalents in the year</b>	<b>1,360</b>	<b>1,155</b>	<b>650</b>	<b>650</b>
Cash and cash equivalents at the beginning of the year	937		287	
Cash and cash equivalents at the end of the year	2,297		937	

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

### 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 2019 (the 2019 FE HE SORP) the College Accounts Direction for 2020-21 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.

##### (c) Going concern

These financial statements have been prepared on the Going Concern basis. The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College has a single loan on terms negotiated in 2008 (Note 14). The terms of the existing agreement are for 20 years. The College approved new banking facilities in July 2021 and completed the transition of its current loan on comparable terms, £1m overdraft facility and banking facilities to Virgin Money in Autumn 2021.

The College forecasts and financial projections indicate that it will be able to operate within these facilities and covenants for the foreseeable future.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its financial statements.

##### (d) Recognition of income

Revenue Grant Funding: Government revenue grants include funding body recurrent grants and other grants are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

### 1 ACCOUNTING POLICIES (continued)

**Capital Grant Funding:** Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

**Deferred Grants:** Where part of a grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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

**Agency agreements:** The College acts as an agent in the collection and payment of certain discretionary support funds and any other arrangements. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

**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) Post employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the state second pension (Note 23).

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 (staff costs)
- ' - Net interest on the net defined benefit liability/asset (pension finance costs)
- Actuarial gains and losses are recognised immediately (Actuarial gain/(loss) in respect of pension schemes)

Post-employment benefits to employees of the Group are principally provided by Nest, a defined contribution plan.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

### 1 ACCOUNTING POLICIES (continued)

#### (f) Short term employment benefits

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

#### (g) 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 to the statement of comprehensive income 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 income and expenditure account 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.

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:

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

### 1 ACCOUNTING POLICIES (continued)

- 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 the 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.

Asset Type (years)	Prior years	2019 onwards
Land	N/A	N/A
Buildings	Up to 30 years	Up to 50 years
Vehicles	4 years	8 years
Plant and Equipment	4 years	8 years
Fixtures and Fittings	4 years	4 years
Computers	4 years	4 years

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

### 1 ACCOUNTING POLICIES (continued)

#### (h) 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.

#### (i) 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 and began trading on 29<sup>th</sup> March 2021.

#### (j) Inventories (Stock)

All material inventories are 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. Farm stock valuation is carried out by a firm of independent professional valuers.

#### (k) 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.

#### (l) 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.

#### (m) 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

### 1 ACCOUNTING POLICIES (continued)

#### (n) 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.

#### (o) Provisions and contingent liabilities

Provisions are recognised when:

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

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

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

#### (p) 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.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

### 1 ACCOUNTING POLICIES (continued)

#### *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 (Note 23), 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 2019 to value the pensions liability at 31 July 2021. 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.

Covid-19 impact on the pension scheme has contributed to the 141% increase in the provision for defined benefit obligations over 2 years from £5,319k at 31 July 2019 to £12,808 at 31 July 2021. The impact of this impairment is noted below the Statement of Comprehensive Income and in Note 23, and the additional charge to staff costs in Note 6.

##### - 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.

OfS Income Reporting	2021	2020
Grant income from the Office for Students (note 2)	143	178
Fee income for taught awards (note 3)	1,117	1,117
<b>Total Income</b>	<b>1,260</b>	<b>1,295</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

	2021		2020	
	Group	College	Group	College
<b>2 FUNDING BODY GRANTS</b>				
Education and Skills Funding Agency (study programmes)	8,501	8,501	7,581	7,581
Education and Skills Funding Agency (adult education)	1,749	1,749	1,717	1,717
Office for Students	143	143	178	178
Local Authority high needs funding	171	171	473	473
<b>Specific Grants</b>				
Education and Skills Funding Agency	-	-	-	-
Release of deferred capital grants	532	532	442	442
<b>Total funding body grants</b>	<b>11,096</b>	<b>11,096</b>	<b>10,391</b>	<b>10,391</b>
<b>3 TUITION FEES AND EDUCATION CONTRACTS</b>				
Adult education fees	901	901	765	765
Apprenticeship fees and contracts	32	32	(6)	(6)
Fees for Further Education loan supported courses	325	325	325	325
Fees for Higher Education loan supported courses	1,117	1,117	1,117	1,117
	2,375	2,375	2,201	2,201
Education contracts	84	84	88	88
<b>Total tuition fees and education contracts</b>	<b>2,459</b>	<b>2,459</b>	<b>2,289</b>	<b>2,289</b>
<b>4 OTHER GRANTS AND OTHER CONTRACTS</b>				
Coronavirus job retention scheme	360	360	625	625
Other grants and other contracts	(4)	(4)	(22)	(22)
<b>Total other grants and other contracts</b>	<b>356</b>	<b>356</b>	<b>603</b>	<b>603</b>
<b>5 OTHER INCOME</b>				
Catering and residence operations	590	590	834	834
Farming activities	1,560	1,560	1,400	1,400
Other income generating activities	244	244	191	191
Rents and lettings	80	80	83	83
Other grant income	792	792	453	453
Other income	1,076	589	610	610
<b>Total other income</b>	<b>4,342</b>	<b>3,855</b>	<b>3,571</b>	<b>3,571</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

	2021		2020	
	Group	College	Group	College
<b>6 STAFF COSTS</b>				
Wages and salaries	7,911	7,605	7,502	7,502
Social security costs	732	709	688	688
Other pension costs	1,458	1,455	1,378	1,378
	<u>10,101</u>	<u>9,769</u>	<u>9,568</u>	<u>9,568</u>
Contracted out staffing costs	180	169	271	271
Fundamental restructuring costs	22	22	53	53
FRS102 adjustment (Note 23)	1,085	1,085	964	964
<b>Total staff costs</b>	<u>11,388</u>	<u>11,045</u>	<u>10,856</u>	<u>10,856</u>

*The Corporation does not have any salary sacrifice arrangements in place.*

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

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. This excludes agency, bank and short course lecturer fees.

	2021		2020	
	Group	College	Group	College
Teaching staff	98	98	101	101
Non teaching staff	143	143	152	152
	<u>241</u>	<u>241</u>	<u>253</u>	<u>253</u>

## 7 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/Assistant Principals, Finance Director and Human Resources Director.

The number of key management personnel and other staff 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 and all staff including the accounting officer receive the same cost of living pay award.

Total emoluments include amounts payable to the Accounting Officer, who is also the highest paid officer, the Principal and Chief Executive Officer.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

2021

2020

## 7 EMOLUMENTS OF KEY MANAGEMENT PERSONNEL (continued)

£60,001 to £65,000	3	1
£80,001 to £85,000	1	1
£85,001 to £90,000	1	1
£130,001 to £135,000	1	1
<b>The number of key management personnel including the Accounting Officer:</b>	<b>6</b>	<b>4</b>

Salary	473	393
National Insurance	58	49
Other emoluments	18	18
Pension contributions	103	85
<b>Total emoluments of key management personnel</b>	<b>652</b>	<b>545</b>

Salary	121	113
National Insurance	15	14
Other emoluments	20	18
Pension contributions	33	30
<b>Total emoluments of accounting officer</b>	<b>189</b>	<b>175</b>

## Accounting Officer Pay Multiple

Basic salary divided by median pay of all other employees	4.2	4.0
Total emoluments divided by median pay of all other employees	6.6	6.2

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July (£'000)**

	2021		2020	
	Group	College	Group	College
<b>8 OTHER OPERATING EXPENSES</b>				
Teaching costs	626	620	620	620
Non teaching costs	3,557	3,35	3,157	3,157
Examination costs	431	431	328	328
Premises costs	1,526	1,493	1,484	1,484
Fixed asset impairment costs	-	-	224	224
<b>Total other operating expenses</b>	<b>6,140</b>	<b>5,779</b>	<b>5,813</b>	<b>5,813</b>
Other operating expenses include:				
Financial statements and regularity audit	45	45	18	18
Internal audit and assurance	5	5	-	-
Hire of plant and machinery - operating leases	98	98	142	142
	148	148	160	160
Other operating expenses include OfS Access and participation spending:				
Access investment	-	-	50	50
Financial support to students	51	51	22	22
Disability support	-	-	22	22
Research and evaluation (relating to access and participation)	-	-	19	19
	51	51	113	113
<b>9 INTEREST AND OTHER FINANCE COSTS</b>				
On bank loans, overdrafts and other loans	77	75	231	231
Net interest on defined pension liability (Note 23)	153	153	121	121
<b>Total interest and other finance costs</b>	<b>230</b>	<b>228</b>	<b>352</b>	<b>352</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

10 TANGIBLE FIXED ASSETS	Leasehold improvement	Freehold land and buildings	Assets under construction	Equipment	Total
<b>COST OR VALUATION</b>					
At 1 August 2020	56	35,516	1,759	6,119	43,450
Additions	-	2,482	1,191	870	4,541
Less: Disposals	-	(82)	(1,325)	(271)	(1,678)
Less: Impairment	-	-	-	-	-
At 31 July 2021	56	37,916	1,623	6,718	46,313
<b>DEPRECIATION</b>					
At 1 August 2020	-	15,527	-	5,062	20,589
Charge for year	-	657	-	501	1,158
Less: Disposals	-	(1)	-	(259)	(260)
Less: Impairment	-	-	-	-	-
At 31 July 2021	-	16,183	-	5,304	21,487
<b>NET BOOK VALUE</b>					
At 31 July 2021	56	21,733	1,623	1,414	24,826
At 31 July 2020	56	19,989	1,759	1,057	22,861

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 (2020 - £2,516,000) which is non-depreciable. All fixed assets are owned by the College and accessed as required by the Group under a facilities management agreement.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

	2021		2020	
	Group	College	Group	College
<b>11 TRADE AND OTHER RECEIVABLES</b>				
Trade receivables	1,351	1,350	345	345
Prepayments and accrued income	519	495	497	497
Other taxation and social security	31	47	62	62
Other	239	239	167	167
<b>Total trade and other receivables</b>	<b>2,140</b>	<b>2,131</b>	<b>1,071</b>	<b>1,071</b>
<b>12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>				
Bank loans, overdrafts and finance leases (Note 14)	278	278	255	255
Payments received in advance	33	33	13	13
Trade payables	726	338	1,337	1,337
Other tax and social security	355	353	324	324
Other creditors	309	309	247	247
Accruals and deferred income	2,270	2,213	795	795
Deferred income - capital grants	479	479	322	322
Amounts owed to the ESFA	-	-	-	-
<b>Total creditors within one year</b>	<b>4,450</b>	<b>4,003</b>	<b>3,293</b>	<b>3,293</b>
<b>13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>				
Bank loans and finance leases (Note 14)	1,683	1,683	1,829	1,829
Deferred income - capital grants	10,069	10,069	8,125	8,125
<b>Total creditors after more than one year</b>	<b>11,752</b>	<b>11,752</b>	<b>9,954</b>	<b>9,954</b>
<b>14 MATURITY OF DEBT</b>				
<b>(a) Bank loans and overdrafts</b>				
Bank loans and overdrafts repayable in one year or less	252	252	255	255
Between one and two years	252	252	252	252
Between two and five years	749	749	743	743
In five years or more	595	595	834	834
<b>Total</b>	<b>1,848</b>	<b>1,848</b>	<b>2,084</b>	<b>2,084</b>

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 2025, and a working capital facility.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

### 14 MATURITY OF DEBT (continued)

(b) Finance leases

Finance leases repayable in one year or less

Between one and two years

Between two and five years

In five years or more

**Total**

2021		2020	
Group	College	Group	College
26	26	-	-
27	27	-	-
60	60	-	-
-	-	-	-
<b>113</b>	<b>113</b>	<b>-</b>	<b>-</b>

### 15 FINANCIAL COMMITMENTS

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

#### Land and Buildings

Not later than one year

Later than one year and not later than five years

Later than five years

#### Equipment

Not later than one year

Later than one year and not later than five years

Later than five years

87	87	123	123
12	12	127	127
-	-	4	4
<b>99</b>	<b>99</b>	<b>254</b>	<b>254</b>
184	184	154	154
158	158	240	240
-	-	-	-
<b>342</b>	<b>342</b>	<b>394</b>	<b>394</b>

### 16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents

Overdraft

**Total cash and cash equivalents**

2021	Cashflow	2020
2,297	1,360	937
-	-	-
<b>2,297</b>	<b>1,360</b>	<b>937</b>

### 17 PROVISIONS

At 1 August 2020

Expenditure/additions in the period

**At 31 July 2021**

Total	Defined Benefit obligations	Other
(11,263)	(11,263)	-
(1,563)	(1,545)	(18)
<b>(12,826)</b>	<b>(12,808)</b>	<b>(18)</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

### 17 PROVISIONS (continued)

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

The College had recognised a provision for a 2016 incident which was resolved in 2020 and released to the SOCI.

### 18 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.

### 19 CAPITAL COMMITMENTS

Construction is underway for the farm element of Agrifood project to be completed in 2022, total gross spend of £2.7m fully funded from grants. Subsequent to year end, a decision was made to proceed with the education element of Agrifood project total gross spend of £7m funded by a mixture of grants and a bank loan.

### 20 SUBSIDIARY UNDERTAKINGS

One Garden Brighton Ltd, a wholly owned subsidiary of Plumpton College was established in 2019 and began trading on 29th March 2021.

### 21 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 (Note 2, 12, 13).

The College holds 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 £240 (2020 £600).

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. At 31 July 2021 One Garden Brighton owed £0.374m (2020: £nil) to the College. Costs of £0.026m (2020: £nil) were recharged to One Garden Brighton during the year.

### 22 POST BALANCE SHEET EVENTS

None

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

### 23 DEFINED BENEFIT OBLIGATION

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the East Sussex Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit plans.

The total pension cost for the year

Teachers Pension Scheme contributions paid		793		760
Local Government Pension contributions paid	662		618	
Local Government Pension FRS 102 (28) charge	1085		964	
Charges to statement of comprehensive income (staff costs)		1,747		1,582
<b>Total pension cost for the year within staff costs (Note 6)</b>		<b>2,540</b>		<b>2,342</b>

#### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, Colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

2021 2020

### 23 DEFINED BENEFIT OBLIGATION (continued)

#### Local Government Pension Scheme

The LGPS is a funded defined benefit Scheme, with the assets held in separate funds administered by East Sussex County Council.

The agreed contribution rates for future years are 18.9% for the College and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2021.

This is the first accounting period for which the report has been prepared by Barnett Waddingham LLP; previous disclosures were prepared by Hyman Robertson LLP.

Rate of increase in salaries	2.8%	2.1%
Future pension increases	2.8%	2.1%
Discount rate for scheme liabilities	1.6%	1.4%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

#### *Retiring today*

Males	21.2	21.6
Females	23.7	23.9

#### *Retiring in 20 years*

Males	22.0	22.5
Females	25.1	25.3

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

	Fair value	
Equities	13,483	11,286
Bonds	3,016	2,783
Property	1,315	1,237
Cash	355	155
<b>Total market value of assets</b>	<b>18,169</b>	<b>15,461</b>

The return on the Fund (on a bid value to bid value basis) for the year to 31 July 2021 is estimated to be 14.13%. The actual return on Fund assets over the year may be different.

Based on the above, the Employer's share of the assets of the Fund is approximately 0.40%.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

2021

2020

**Amount included in the balance sheet in respect of the defined benefit pension plan and enhanced pensions benefits is as follows:**

Present value of the defined benefit obligation	30,977	26,723
Fair value of fund assets (bid value)	18,169	15,460

<b>Net defined benefit liability</b>	<b>(12,808)</b>	<b>(11,263)</b>
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**Amounts recognised in the Statement of Comprehensive Income in respect of the plan:**

Service cost	1,716	1,636
Net interest on the defined liability (asset)	153	121
Administration expenses	16	-

<b>Total loss</b>	<b>1,885</b>	<b>1,757</b>
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## Asset and Liability Reconciliation

Defined benefit obligations at start of period	26,723	20,730
Current service cost	1,701	1,566
Interest cost	373	451
Change in financial assumptions	3,310	2,287
Change in demographic assumptions	(502)	(191)
Experience (gain)/loss on defined benefit obligation	(501)	1,964
Estimated benefits paid net of transfers in	(365)	(363)
Past Service costs, including curtailments	15	70
Contributions by Scheme participants and other employers	224	210
Unfunded pension payments	(1)	(1)

<b>Total</b>	<b>30,977</b>	<b>26,723</b>
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## Changes in fair value of plan assets

Fair value of plan assets at start of period	15,460	15,411
Interest on plan assets	220	330
Return on plan assets	2,000	(799)
Administration expenses	(16)	-
Employer contributions	647	672
Contributions by Scheme participants	224	210
Estimated benefits paid	(366)	(364)

<b>Total</b>	<b>18,169</b>	<b>15,460</b>
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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

	2021	2020
<b>Amounts recognised in Other Comprehensive Income:</b>		
Return on fund assets in excess of interest	2,000	(799)
Change in financial assumptions	(3,310)	(2,287)
Change in demographic assumptions	502	191
Experience gain/(loss) on defined benefit obligations	501	(1,964)
<b>Total</b>	<b>(307)</b>	<b>(4,859)</b>

### McCloud/Sergeant Judgement

These accounts show a past service cost of £230 million in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 July 2021. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

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

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