

Falmouth Exeter Plus

FXP-19-46

Falmouth Exeter Plus
(a Company Limited by Guarantee)

Registered number: 5103240

Consolidated Financial Statements
for the Year to 31 July 2019

Falmouth Exeter Plus

Directors (as at date
of signing):

Andrew Connolly
Peter Cox
Alan Hill (*Alternate Director*)
Professor David Hosken
Daniel Jones
Dr Robin Kirby
Professor Alan Murray
Craig Nowell
Antony Sanders
Michael Shore-Nye

Secretary:

Sharron Parsons

Auditor:

KPMG LLP
Plym House
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Registered Number:

5103240

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**Falmouth Exeter Plus
Consolidated Financial Statements
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Falmouth Exeter Plus
Strategic Report (incorporating the Financial and Operating Review)
For the Year ended 31 July 2019

Strategic Report (incorporating the Financial and Operating Review)

The Directors submit their report and the financial statements for the year ended 31 July 2019.

Objectives and activities for the public benefit

The objects of the Falmouth Exeter Plus Group (the Group) are to advance the education of the public by providing and assisting in the provision of higher education facilities in Cornwall. The Directors confirm that they are aware of their duties with regard to public benefit and are conversant with the Charity Commission guidance in this area. In setting objectives and planning future activities, they have given consideration to the guidance on public benefit.

The Group carries out its objects by:

- Advancing education by providing facilities and services to staff and students, which includes learning support, library, academic skills, IT and audio visual services;
- Supporting students with their welfare needs;
- Providing residential accommodation to students;
- Offering catering, retail, day nursery and reprographics services to students and university staff;
- Making available subsidised transport and sporting facilities to students, the latter in partnership with SU, the joint student union;
- Providing a safe and healthy environment.

The direct benefits of the Group's work are the support for students at the Penryn, Falmouth and Truro Campuses to enable individual development on both an academic and personal level, and to facilitate teaching and research. This should also enrich society by providing well educated graduates and potential employees.

As the beneficiaries are students of the two universities (University of Exeter (UoE) and Falmouth University (Falmouth)), the public benefit is inextricably linked to that of the two universities. Further information about the universities' policies on public benefit including financial support to students and widening participation can be found in their financial statements.

Falmouth Exeter Plus (FX Plus) develops and operates all student accommodation comprising Glasney Parc, a 1,449 room residential development on campus, Tuke House, a 156 room residence located in Falmouth and leased from Sanctuary Housing, and The Sidings, a 233 room residence at Penryn, operated under a Nominations Agreement. FX Plus also holds some short term head leases in Falmouth and Truro whilst there is a shortfall of accommodation for first year students. In addition, FX Plus provides catering, retail, nursery, sport and printing services to staff, students and third parties. FX Plus manages the property issues on the Penryn Campus, including grounds, building maintenance, transport services, cleaning and security and during the year took on responsibility for the Falmouth Campus. It also provides library and academic skills, IT and AV services and student support services.

Cornwall Plus Limited (Cornwall Plus), a wholly owned subsidiary, operates the commercial, non-charitable activities of the jointly controlled entity primarily relating to non-student letting of residences, non-academic conferences, external events and

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corporate hospitality for third parties. All taxable profits of Cornwall Plus are gifted to FX Plus.

Tremough Development Vehicle Limited (TDV), a wholly owned subsidiary, acted as the joint agent of Falmouth and UoE in the procurement of shared non-residential building developments on the Penryn Campus but has been dormant for the year and is expected to remain so for the foreseeable future.

The financial statements show the results of the Group, incorporating TDV, Cornwall Plus and FX Plus.

Results for the year

Summary consolidated results for 2018/19 are shown below:

	£ (000)	£ (000)
Income		
Central Support, Estates, Library, IT and Student Services		
Income from Falmouth/UoE	17,880	
Commercial Services	14,497	
Investment Income	32	
		32,409
Expenditure		
Central Support, Estates, Library, IT and Student Services costs	(17,880)	
Commercial Services		
Staffing and other costs	(9,123)	
Interest	(2,049)	
Depreciation	(3,357)	
	(14,529)	
		(32,409)
Losses on disposal of fixed assets		(132)
Deficit for the year		(132)
Re-measurements in respect of Pension Scheme		(2,068)
Total comprehensive income for the year		(2,200)

The deficit for the year was £132K (2017/18 – deficit of £681K) and includes additional staffing costs advised by the actuaries of £1,293K (2017/18 £1,532) as part of the annual pension valuation. Without this charge the surplus generated relates to Commercial Services which comprise residences, catering and retail during the year and are for the benefit of students and staff of the two institutions.

The costs of the other services (Estates, Academic, IT and Student Services, group management and subsidised travel) were fully recovered from Falmouth and UoE. The pension charge is excluded for management accounts purposes and the adjusted surplus would be £1,161K (2017/18 – surplus of £851K).

Overview

Overall income rose by 11% primarily due to increased budgets for direct services provided to the two universities income in respect of new buildings on the Penryn Campus, investment in capability and capacity for IT Services and additional funding for Student Services (wellbeing and counselling).

Key Performance Indicators

Our achievements for the year 2018/19 is measured through KPI performance and survey data.

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Financial strategy KPI	Actual	Forecast	Calculation basis
External Income Targets £'000	897	1,075	Cornwall Plus Limited income
External Income Surplus £'000	141	399	Cornwall Plus Limited surplus
Deficit Target £'000	(132)	(164)	Net Group deficit
Cost per student fte £	2,123	2,213	Costs shared/student numbers
Total property costs per student fte £	919	824	Non residences estates costs/student numbers
Adjusted EBITDA £m	£6.4m	£5.2m	Surplus less investment income plus depreciation plus interest payable plus additional pension staff costs
Liquidity	46 days	54 days	Cash/Costs excl depreciation x 365

The annual Shared Services Survey highlighted some areas where we are performing well:

- 40% of student respondents said that they had seen most improvement in study space, 27% reported most improvement in the library and 22% an improvement in the gardens and grounds.
- Similarly, 38% of staff who responded reported that they had seen most improvement in the gardens and grounds, 23% in study space and 19% in catering.

In terms of areas that are perceived to require improvement:

- 31% of students responded that timetabling required most improvement, with 30% identifying student welfare, and 29% social space as key areas for improvement.
- The response from staff differed somewhat, in that the area perceived to need most improvement was catering at 48%, with car parking being identified as needing improvement by 35% of respondents and recycling by 29%.

It is worth noting that the number of respondents to our Shared Services Survey is declining year on year, with only just over 500 respondents this year, 80% of whom identified themselves as members of staff. This calls the reliability of our data into doubt, and has reiterated the need for a different way to measure ourselves as we go forward, particularly if we are to gain engagement from students. We are already using short "pulse surveys" to gauge opinions on specific matters, (e.g. Cashless Campus, smoking on campus, and a survey, which has just been launched, regarding our catering offering), and are proposing to stop running the annual Shared Services Survey as of 2020. We now need to seek alternative ways to measure ourselves, and the SET will be considering this with proposals being put to the Board.

Central support, Estates, Library, IT and Student Services

Costs for those services provided to the two institutions rose by 11% to fund running costs of the Stella Turk and Launchpad buildings at Penryn, significant investment in IT capacity and capability and Student Services (a whole University approach to wellbeing, additional counselling resource and 'go digital' development).

Delivery Plan

FX Plus' performance against our 2018/19 Delivery Plan was on track, with the main focus having been on service excellence improvements across all Directorates.

Team reorganisations have taken place across the IT & Digital and Student & Library Services directorates, with key pivotal roles having recently been recruited. A consultation process began within Estates, and an opportunity for further workforce planning will present itself once the Computer Aided Facilities Management (CAFM) system has been embedded.

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Within Campus Experience, we have gone to advert for a Director of Catering and Commercial Operations and the decision has been taken to move Sports and Nursery over into the Residences & Facilities Directorate as of August 2019.

Last year, we established a set of “values” for FX Plus, and in May this year, we launched new branding imagery around these values. Our values have been incorporated into the new PDR system, a new online version of which is due to be launched this summer.

We continue to promote Apprenticeships within the organisation, and ran an event for all staff to showcase the possibilities and what is on offer, and this was well received.

Our Modern Office programme is taking shape, with our delivery partners, CPS, having presented to all managers at our Managers’ Conference in June 2019. As part of their presentation, CPS showcased the key elements to the Modern Office way of working and the tools that will be available. Managers spent some time considering which tools could be useful in streamlining and improving processes, which will be fed into the programme.

In terms of the continuing drive towards sustainability, we have reviewed the governance around this, with a new meeting structure having been created in order to ensure that discussions are held at the right level, and to enable actions to be taken.

We have delivered 2 major builds on the Penryn Campus over the last year - Stella Turk and Launchpad – as well as many smaller scale works to improve the look and feel of the campus, such as the creation of the Learning Lounges. During summer 2019 we are moving into another challenging period, with work beginning in earnest on Future Spaces (formerly referred to as Campus 2020). Preparatory work has been completed, and main construction works on both sites - between the Lower Stannary entrance and the Village Green/Heart and under the Daphne Du Maurier (DDuM) ‘bridge’ – have commenced. There will clearly be significant disruption to many areas and departments while the work is carried out, but our teams - not least Estates, Caretakers, Cleaners, IT, Library, Events and Catering – will be working hard to mitigate this.

Commercial Services

Trading income for the Group is shown in note 8.

This shows a small decrease compared with the previous year with growth in retail and nursery operations offset by falls in catering/bar income due to fewer events and headleased student halls.

Residences continue to make up over 70% of trading income with the continued provision of shared rooms at Penryn plus some headleased properties to enable university growth to be provided in university owned or managed accommodation – an offer that remains important to new incoming students and parents.

Balance sheet

Fixed asset investments during the year of £3.2m included upgrades to teaching spaces and a new Welcome building (£961K), initial summer works and IT enhancements (£488K) and upgrades to residences wifi, core network infrastructure and AV/IT refresh programmes (£1.6m).

The overall value of fixed assets fell slightly with depreciation charges offsetting new expenditure.

The net current liability stands at £1,449K (2017/18 - £218K) and the pension deficit increased to £11.4M (from £8.0M) as explained in note 16.

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Cashflow and liquidity

At the year end the Group's net cash balances were £3.3M (2017/18 - £4.9M). These excess funds continue to be held and invested with Falmouth's cash to maximise returns for the Group.

The main movements during the year are shown in the cashflow statement and include expenditure on fixed assets and servicing of residential loans.

Strategic Risks

Risks for the Group are considered regularly by the Board and assigned to a SET member. Risks are ranked in order of importance and flagged using high (red), medium (orange), and low (green) using impact and probability scores.

Summary						
Ref	Category	Risk Heading	Residual Risk Score	Previous Score (Feb 19)	Current Risk Score	Direction
FXP08	Operational	Technical and/or physical security is compromised	15	20	20	Falling ↓
FXP19	Operational	No Change Control in built environment	10	12	12	Steady ↔
FXP16	Operational	Inability to meet timetabling demands	8	16	8	Falling ↓
FXP07	Legal	Failure to deliver the change required to manage the impact of inaccessible campus facilities	9	16	16	Steady ↔
FXP10	Operational	Business Continuity Plans and IT Service Centre Management plans are ineffective in dealing with multiple or large scale incidents/outages	10	16	15	Steady ↔
FXP18	Operational	Inability to meet needs of buildings security strategies	8	16	16	Steady ↔
FXP09	Operational	Technical Infrastructure Capacity and Resilience	6	15	12	Falling ↓
FXP11	Operational	Lack of embedded Enterprise Architecture across the technical eco system	9	15	12	Falling ↓
FXP04	Legal	Statutory compliance in managing the environment and key record keeping	10	15	15	Steady ↔
FXP03	Financial	Inability to balance demand and supply based on recruitment forecasts and need to secure additional accommodation.	8	12	12	Steady ↔
FXP05	Legal	Adherence to GDPR/FOI information/compliance	8	12	12	Steady ↔
FXP01	Strategic	Delays in decision making process within universities	12	12	12	Steady ↔
FXP12	Operational	Failure to prevent serious harm (Student Wellbeing)	8	12	12	Steady ↔
FXP13	Operational	Staff Wellbeing	12	12	12	Steady ↔
FXP14	Operational	Failure to attract and retain quality staff	12	12	12	Steady ↔
FXP15	Operational	Engagement of the university partners with Library & Academic Skills, IT & Digital Services and Student Services	6	12	9	Falling ↓
FXP02	Strategic	Not meeting University Environmental targets	6	9	9	Steady ↔

The main risks for the Group primarily concern IT security and resilience but these are falling following significant investment in this area. Other risks relate to campus facilities and accessibility which are ongoing through new works and backlog maintenance plans.

Cornwall Plus Limited (Cornwall Plus)

The profit generated by the company is attributable to non-charitable conferencing and events and is referred to under Commercial Services above.

The results for the year show a profit before tax of £141K (2017/18 - £187K), which has been donated under a gift aid agreement to the parent company FX Plus.

Income increased by 10% against the prior year but, due to higher direct costs, the profit generated was less.

Tremough Development Vehicle Limited (TDV)

This company is dormant and will remain so for the foreseeable future. It will not be formally wound up due to the major contracts held in its name.

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Sustainability on campus

FX Plus has been working on developing a new Sustainability Strategy. This is having far reaching impact with both academics, researchers and students alike, and a suite of sustainability groups have been created; one for operational staff, one run by academics, and another run by students, with all groups reporting into an overarching strategic group.

Transformational Projects – 2019/20 through to 2030

Our delivery plan for 2019/20 will assist the universities in delivering on their strategies.

We have identified 3 “pillars”, which were presented to the Board in March 2019 and have been fleshed out with a suite of transformational projects to be delivered over the next 1-5 years. These projects comprise:

- “Modern digital solutions to support service transformation”:
This will include the Modern Office programme, a review of customer contact points (“One Click”), the implementation of a new CAFM (Computer Aided Facilities Management) system, and the further development and refinement of our Business Analytics.
- “Excellent support and resources enabling students and staff to succeed”:
This includes the development of combined social/learning spaces and the development of our Help Desk function, digital service delivery and our library system. We aim to create a universal support environment, which is easy to access for both staff and students.
- “Inspiring campus environments and experiences”:
This includes our Future Spaces project, building the academic and social spaces that the universities will require going forwards. We are also working on the Estates 2030 Masterplan. Other projects such as “Food for the Future” and the creation of a “Sticky Campus” will come under this pillar, as well as the development of Cornwall Plus and Residences & Facilities services.

In support of these key themes we have Fit for Future Finance which aims to ensure that all of these projects are affordable and fit for the future. Progress towards our challenge to make £1M of savings is well advanced. We are continuing to work with suppliers to ensure that our procurement process is as efficient as possible and that we are developing our workforce planning, currently focusing on Catering and soon to be moving on to Estates.

An overarching theme to all of the projects highlighted above is that Student Experience is the anchor for everything that we do or plan to do. This being the case, the development of key design principles must be agreed upon at Board level in order to guide future developments across our campuses.

Conclusion

Overall 2018/19 has been a successful year with a number of initiatives having been launched to support both staff and students on all campuses. Delivery Plans for all departments have been developed during the year and are now informed by strong metrics and key performance indicators. These provide the focus at each meeting and assist staff to prioritise resources.

All of this has been possible due to the commitment of staff to whom thanks must be expressed.

By Order of the Board

Craig Nowell
Chair



Date: 22 October 2019

**Falmouth Exeter Plus
Directors' Report
For the Year ended 31 July 2019**

Directors' Report

Principal activities

Falmouth Exeter Plus (FX Plus) is a jointly controlled entity established by Falmouth University (Falmouth) and the University of Exeter (UoE) to operate a range of services and facilities on the Penryn Campus (originally), and now also the Falmouth and Truro Campuses, for the joint benefit of the two universities which occupy the sites.

FX Plus has exempt charity status owing to the educational objectives of the university partners which it supports with its services. It was incorporated on 16 April 2004 as a company limited by guarantee with Falmouth and UoE as the sole members.

Results

The deficit for the year was £132,000 (2017/18 - £681,000 deficit). For further details on the results for the year see the analysis contained in the Strategic Report on page 3.

Directors

The Directors who served during the period and up to the date of signing were as follows:

Jane Chafer (resigned 14 June 2018, reappointed, 3 July 2019)
Andrew Connolly
Peter Cox
Alan Hill
Professor David Hosken
Daniel Jones
Dr Robin Kirby
Professor Alan Murray
Craig Nowell
Antony Sanders
Michael Shore-Nye (resigned 3 July 2019)

Directors' statement as to disclosure of information to auditor

The Directors who were members of the Board at the time of approving the Directors' report are listed at the front of the financial statements. Having made enquiries of fellow Directors and of the Group's auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditor is aware of that information.

Reappointment of Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By Order of the Board



Craig Nowell
Chair

Date: 22 October 2019

Falmouth Exeter Plus Corporate Governance Statement

Corporate Governance Statement

Falmouth Exeter Plus (FX Plus) is a charitable company, limited by guarantee. It is jointly owned by University of Exeter (UoE) and Falmouth University (Falmouth) (together "the university partners"). FX Plus is regulated by the Office for Students.

The governance of FX Plus is through a Board of Directors, with Falmouth and UoE each appointing three Directors. Additional Directors can be appointed by the two members, with the support of at least two-thirds of existing Directors. Any decision taken by the Board of Directors requires the support of at least two UoE and two Falmouth Directors.

The Board normally meets three times a year, with provision for additional meetings and approval by email if required. During 2018/19, the Board met four times, with additional communication between meetings. The Board also held a strategic away day in September 2019.

The Board has an agreed schedule of matters which it reserves to itself and which it reviews annually. The Board is responsible for determining the overall strategic direction of FX Plus and for overseeing and supporting the Managing Director and the senior executive team (SET) in implementing the strategy. The Board is also responsible for monitoring FX Plus's performance and financial position and for ensuring that FX Plus maintains a sound system of internal control and risk management.

FX Plus has two subsidiary companies. Cornwall Plus Limited (Cornwall Plus) is responsible for commercial service provision. It began trading on 1 August 2013. All profits generated by Cornwall Plus are transferred by gift aid to FX Plus to reinvest in shared services and facilities.

The other subsidiary company, Tremough Development Vehicle Ltd (TDV), became non-trading with effect from 1 August 2015. It was previously the vehicle through which capital development projects at the Penryn (formerly Tremough) Campus were undertaken.

During the accounting period, the Board oversaw the strategic direction of FX Plus. The Board also reviewed the delivery of FX Plus's strategies and monitored the high-level performance of FX Plus against key performance indicators including financial performance.

The Board has four committees and one group reporting directly to it: Joint Systems Committee (JSC), Strategic Infrastructure Committee (SIC), the Combined Strategic Health and Safety Committee (CSHSC) and the Strategic Sustainability Group (SSG). A new committee, FX Plus Finance Committee was created and met for the first time in February 2019. The Finance Committee was set up to facilitate pre-Board agreement of finance papers, before making formal recommendations to the FX Plus Board.

Terms of Reference

The Strategic Sustainability Group is the consultation forum for strategic sustainability matters at both Falmouth and Penryn campuses. The group's remit includes aligning current academic research with operations at the Falmouth and Penryn campuses and identifying opportunities for a more collaborative approach towards sustainability both on campus and in the wider local area.

The Combined Strategic Health and Safety Committee is the combined consultation forum for strategic health and safety matters in shared areas and dedicated spaces where FX Plus has a role. Three FX Plus Board Directors sit on the committee, and the chair rotates on an annual basis between Falmouth and UoE.

**Falmouth Exeter Plus
Corporate Governance Statement**

The membership of both JSC and SIC includes a Board Director from each of the university partners and the MD. JSC is responsible for overseeing significant and/or high impact IT systems projects being undertaken by FX Plus IT Services and for advising the Board on overall priorities and budgets for these projects. SIC is responsible for overseeing progress and completion of strategic live estates and building projects at the Penryn Campus with budgets in excess of £500k. Both committees have delegated financial authority in relation to projects within their remits.

In terms of ensuring the adequacy of mechanisms for internal control and risk management, and for external audit, the Board continues to rely on agreed "lighter touch" audit arrangements. These arrangements involve SET, the internal and external auditors, the Board and both universities' Audit Committees. Safeguard mechanisms also exist.

The MD was directly responsible to the Board. There was no change to the schedule of powers delegated to the MD in the accounting period. The MD was responsible for devising and proposing to the Board strategies to deliver those elements of the university partners' own strategies for which FX Plus is responsible, and for implementing agreed delivery strategies.

The MD was supported by SET, which generally met monthly during the accounting period. SET also held an away day in the year focused on defining the shared campus experience, and prioritisation of projects. SET comprised the following staff:

David Dickinson, Director of Student and Library Services
Fiona Foster, Director of Campus Experience (*to September 2018*)
Stuart Gaslonde, Director of IT and Digital
Oliver Lane, Director of Accommodation and Facilities
Doreen Pinfold, Director of Library & Academic Skills (*to August 2018*)
Sarah Roby, Director of Estates

Senior representatives from Finance and Human Resources attend most meetings, along with the Innovation Delivery Manager, Senior Marketing and Comms Manager, and the Head of Health and Safety.

The MD and SET consult, through Liaison Groups, with students and staff of Falmouth and UoE as "customers" of the services which FX Plus provides. The Operational Health and Safety Committee (a statutory requirement) reports to the MD on health and safety matters, and the MD, in turn, reports key health and safety related matters to the Board at each ordinary meeting.



Sharron Parsons
Board Secretary

Date: 22 October 2019

**Statement of Responsibilities of the Directors of
Falmouth Exeter Plus**

**Statement of Directors' Responsibilities in respect of the Strategic Report,
Directors' Report and the Financial Statements**

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then 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 the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Falmouth Exeter Plus

Opinion

We have audited the financial statements of Falmouth Exeter Plus ("the company") for the year ended 31 July 2019 which comprise the Consolidated and Company Statement of Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated and Company Statement of Changes in Equity, Consolidated Cashflow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2019 and of the group and parent company's deficit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Board, such as the valuation pension liabilities, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or

ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 11, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company'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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Victoria Sewell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Plym House

Plymouth

PL6 8LT

1 November 2019

Falmouth Exeter Plus
Consolidated and Company
Statement of Comprehensive Income
For the Year ended 31 July 2019

	Note	Year to 31/7/19 Group £ (000)	Year to 31/7/19 Company £ (000)	Year to 31/7/18 Group £ (000)	Year to 31/7/18 Company £ (000)
Income					
Operating Income	2	32,377	31,621	29,170	28,543
Investment Income	3	32	31	16	15
Total Income		32,409	31,652	29,186	28,558
Expenditure					
Cost of Sales	4	1,389	1,076	1,697	1,394
Staff Costs	5	13,885	13,677	12,828	12,690
Other Operating Expenses	6	11,729	11,499	10,122	9,936
Depreciation	9	3,357	3,352	3,020	3,015
Interest Payable	7	2,049	2,049	2,091	2,091
Total Expenditure		32,409	31,653	29,758	29,126
Deficit before other Gains and Losses		-	(1)	(572)	(568)
Losses on Disposal of Fixed Assets		(132)	(132)	(109)	(109)
Deficit on Continuing Operations Before and After Tax		(132)	(133)	(681)	(677)
Deficit for the Year		(132)	(133)	(681)	(677)
Actuarial (loss)/gain in respect of pension scheme		(2,068)	(2,068)	1,718	1,718
Total comprehensive income for the year		(2,200)	(2,201)	1,037	1,041
Represented by					
Unrestricted comprehensive income for the year		(2,200)	(2,201)	1,037	1,041

All items of income and expenditure relate to continuing activities.

The accompanying notes on pages 19 to 34 form an integral part of the financial statements.

Falmouth Exeter Plus
Consolidated and Company Statement of Changes in Equity
For the Year ended 31 July 2019

Group

	Income & Expenditure Account <i>Unrestricted</i> £ (000)	Revaluation reserve £ (000)	Total £ (000)
Balance at 1 August 2017	(2,658)	28,466	25,808
Deficit from the income and expenditure statement	(681)	-	(681)
Other comprehensive income	1,718	-	1,718
Transfers between revaluation and income and expenditure reserve	519	(519)	-
Balance at 31 July/ 1 August 2018	(1,102)	27,947	26,845
Deficit from the income and expenditure statement	(132)	-	(132)
Other comprehensive income	(2,068)	-	(2,068)
Transfers between revaluation and income and expenditure reserve	519	(519)	-
Balance at 31 July 2019	(2,783)	27,428	24,645

Company

	Income & Expenditure Account <i>Unrestricted</i> £ (000)	Revaluation reserve £ (000)	Total £ (000)
Balance at 1 August 2017	(2,633)	28,466	25,833
Deficit from the income and expenditure statement	(677)	-	(677)
Other comprehensive income	1,718	-	1,718
Transfers between revaluation and income and expenditure reserve	519	(519)	-
Balance at 31 July/ 1 August 2018	(1,073)	27,947	26,874
Deficit from the income and expenditure statement	(133)	-	(133)
Other comprehensive income	(2,068)	-	(2,068)
Transfers between revaluation and income and expenditure reserve	519	(519)	-
Balance at 31 July 2019	(2,755)	27,428	24,673

Transfers between revaluation and income and expenditure reserve are due to previous revaluations undertaken in accordance with the old basis of accounting (2007 SORP) and on transition to FRS 102. The valuations as at the date of transition have been taken as deemed cost.

The accompanying notes on pages 19 to 34 form an integral part of the financial statements.

Falmouth Exeter Plus
Balance Sheets as at 31 July 2019

	Note	Group 2019 £ (000)	Company 2019 £ (000)	Group 2018 £ (000)	Company 2018 £ (000)
Fixed Assets					
Tangible Assets	9	81,696	81,696	81,965	81,959
Investment Assets	10	-	-	-	-
		81,696	81,696	81,965	81,959
Current Assets					
Stock	11	140	140	120	120
Trade and other receivables	12	1,837	2,040	1,093	1,356
Cash and cash equivalents		3,269	2,879	4,978	4,509
		5,246	5,059	6,191	5,985
Creditors - amounts falling due within one year	13	(6,695)	(6,480)	(6,409)	(6,168)
Net Current Liabilities		(1,449)	(1,421)	(218)	(183)
Total Assets less Current Liabilities		80,247	80,275	81,747	81,776
Creditors - amounts falling due after more than one year	14	(44,237)	(44,237)	(46,898)	(46,898)
Provisions					
Pension Provision	16	(11,365)	(11,365)	(8,004)	(8,004)
Total Net Assets		24,645	24,673	26,845	26,874
Unrestricted Reserves					
Income and Expenditure Reserve-unrestricted		(2,783)	(2,755)	(1,102)	(1,073)
Revaluation Reserve		27,428	27,428	27,947	27,947
Total Reserves		24,645	24,673	26,845	26,874

The financial statements on pages 15 to 34 were approved by the Board of Directors on 22 October 2019

.....
Craig Nowell
Chair

.....
Peter Cox
Deputy Chair

The accompanying notes on pages 19 to 34 form an integral part of the financial statements.

Falmouth Exeter Plus
Consolidated Cash Flow Statement
For the Year ended 31 July 2019

	Year to 31/7/19 £ (000)	Year to 31/7/18 £ (000)
Cash flow from operating activities		
Deficit for the year	(132)	(681)
Adjustment for non-cash items		
Depreciation	3,357	3,020
Increase in stock	(20)	(28)
(Increase)/Decrease in debtors	(744)	1,642
Increase in creditors	366	198
Increase in pension provision	1,054	1,294
Loss on disposal of fixed assets	132	109
Adjustment for investing or financing items		
Investment income	(32)	(16)
Interest payable	2,049	2,091
Net cash inflow from operating activities	6,030	7,629
Cash flow from investing activities		
Proceeds from sale of fixed assets	-	4
Payments made to acquire fixed assets	(2,901)	(2,536)
	(2,901)	(2,532)
Cash flows from financing activities		
Investment income	32	16
Interest paid	(1,682)	(1,698)
Interest element of finance lease	(130)	(152)
Repayment of amounts borrowed	(2,363)	(2,359)
Capital element of finance lease	(228)	(196)
	(4,371)	(4,389)
(Decrease)/Increase in cash and cash equivalents in the year	(1,242)	708
Cash and cash equivalents at the beginning of the year	4,371	3,663
Cash and cash equivalents at the end of the year	3,129	4,371

The accompanying notes on pages 19 to 34 form an integral part of the financial statements.

Falmouth Exeter Plus
Notes to the Consolidated Financial Statements
For the Year ended 31 July 2019

1. Principal Accounting Policies

Basis of accounting

The company is a private company limited by guarantee and domiciled in England.

These financial statements are prepared under the historical cost convention modified by the revaluation of derivative financial instruments and in accordance with the Companies Act 2006 and Financial Reporting Standard (FRS) 102. The format of the financial statements follows the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education on the basis that the company is a jointly controlled entity established by and for the joint benefit of two Higher Education Institutions. The company is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year, are discussed below.

Basis of consolidation

The consolidated financial statements include the company and its subsidiary companies Tremough Development Vehicle Limited and Cornwall Plus Limited. Intra-group sales and profits are eliminated fully on consolidation.

Accounting estimates and judgements

Key sources of estimation uncertainty

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

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives of the assets so these are re-assessed annually and amended when necessary to reflect current estimates. See note 9 for the carrying amount of the property, plant and equipment, and note 1 for the useful economic lives for each class of assets.

Impairment of debtors

The company makes an estimate for the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors and associated impairment provision.

Pensions

FRS102 requires that certain assumptions are made in order to determine the amount to be recorded for retirement benefit obligations and pension plan assets, in particular for defined benefit plans. These are mainly actuarial assumptions such as expected inflation rates, employee turnover, expected return on plan assets and discount rates. Substantial changes in the assumed development of any one of these variables may significantly change the company's retirement benefit obligation and pension assets.

Falmouth Exeter Plus
Notes to the Consolidated Financial Statements
For the Year ended 31 July 2019

Critical accounting judgements in applying the Company's accounting policies

There are no such judgements in either the current or prior year.

Going concern

The Group has generated a deficit for the year. However, net assets excluding pension liability at the year end have increased. Forecasts indicate that the Group will generate surpluses and maintain positive net assets in the foreseeable future.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis in preparing the annual financial statements.

Recognition of income

Income is included in the Consolidated Statement of Comprehensive Income and Expenditure to the extent of the goods supplied or completion of the service concerned. For services, this is generally equivalent to the sum of the relevant expenditure incurred during the period and any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Accounting for retirement benefits

Retirement benefits for the employees of the Group are provided by the Cornwall Council (CC) Superannuation Scheme. This is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme. The Scheme is valued every three years by professionally qualified independent actuaries.

The Group's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the Group. The Group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the Company is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

The Group also participates in the Universities Superannuation Scheme (the scheme). The scheme is a defined benefit, multi-employer scheme for which it is not possible to identify the assets and liabilities attributable to the Group due to the mutual nature of the scheme and therefore is accounted for as a defined contribution retirement benefit scheme. A scheme-wide contribution rate is set and the Group is therefore exposed to actuarial risks associated with the other institutions' employees. The Group is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure

Falmouth Exeter Plus
Notes to the Consolidated Financial Statements
For the Year ended 31 July 2019

account represents the contributions payable to the scheme in respect of the accounting period.

Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the Group. Any unused benefits are accrued and measured as the additional amount the Group expects to pay as a result of the unused entitlement.

Finance leases

Leasing agreements that transfer substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. These are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Any lease premiums or incentives are spread over the whole term of the lease including extension options.

Maintenance of premises

The cost of long term and routine corrective maintenance is charged to the income and expenditure account as incurred.

Tangible fixed assets

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on the date of transition to the 2015 Further and Higher Education SORP are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Freehold land is not depreciated as it is considered to have an indefinite useful life. Buildings and associated capital works are depreciated over their expected useful lives of 50 years (long leasehold) or the period of the lease (short leasehold). Building improvement works, signage and the multi-use games area are depreciated over 10 years.

An impairment review of a fixed asset is carried out if events or changes in circumstance indicate that the carrying amount of the fixed asset may not be recoverable.

Finance costs on associated loans from third parties that are directly attributable to the purchase of land or the construction of buildings are capitalised during the construction period but, thereafter, are not capitalised as part of the costs of those assets but are shown as interest payable.

Falmouth Exeter Plus
Notes to the Consolidated Financial Statements
For the Year ended 31 July 2019

Buildings under construction are accounted for at cost, based on the value of architects' certificates, contractor claims that are substantiated and other direct costs incurred to 31 July. They are not depreciated until they are ready for use.

Equipment

Equipment, including computers and software, costing less than £5,000 per individual item is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life, as follows:

Computers and equipment	- between 4 and 7 years
Motor vehicles	- 4 years

Depreciation methods, useful lives and residual values are reviewed at the date of the preparation of each Balance Sheet.

Investments

Investments in subsidiaries are carried at cost less impairment in the company's accounts.

Stock

Stocks of materials for sale are valued at the lower of cost and net realisable value where cost is taken as that incurred in bringing each product to its present location and condition.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. This includes amounts invested by Falmouth University on the Group's behalf. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Trade and other debtors and creditors

The Company measures debtors and creditors at amortised cost less impairment, except for derivatives which are measured at fair value.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Taxation status

Falmouth Exeter Plus 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 charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Falmouth Exeter Plus
Notes to the Consolidated Financial Statements
For the Year ended 31 July 2019

The Group receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The Group's subsidiaries are subject to Corporation Tax in the same way as any commercial organisation.

2. Operating income

	Group	Company	Group	Company
	31/7/19	31/7/19	31/7/18	31/7/18
	£ (000)	£ (000)	£ (000)	£ (000)
Central Support Services	475	475	561	561
Estates Services	10,251	10,251	7,218	7,218
Library, IT and Student Services	7,154	7,154	6,405	6,405
Campus Services (note 8)	14,497	13,600	14,986	14,172
Gift Aid	-	141	-	187
	<u>32,377</u>	<u>31,621</u>	<u>29,170</u>	<u>28,543</u>

3. Interest receivable

	Group	Company	Group	Company
	31/7/19	31/7/19	31/7/18	31/7/18
	£ (000)	£ (000)	£ (000)	£ (000)
Bank deposit interest	32	31	16	15

4. Cost of sales

	Group	Company	Group	Company
	31/7/19	31/7/19	31/7/18	31/7/18
	£ (000)	£ (000)	£ (000)	£ (000)
Material Purchases	1,389	1,076	1,697	1,394

5. Staff costs

	Group	Company	Group	Company
	31/7/19	31/7/19	31/7/18	31/7/18
	£ (000)	£ (000)	£ (000)	£ (000)
Wages and Salaries	10,434	10,226	9,260	9,122
Social Security Costs	873	873	797	797
Other Pension Costs	2,578	2,578	2,771	2,771
	<u>13,885</u>	<u>13,677</u>	<u>12,828</u>	<u>12,690</u>

Average Staff Numbers (FTEs) by Major Category:

Group and Company	31/7/19	31/7/18
Management	14	14
Estates and facilities	132	124
Library, IT and Student Services	125	142
Campus Services	109	85
	<u>380</u>	<u>365</u>

Falmouth Exeter Plus
Notes to the Consolidated Financial Statements
For the Year ended 31 July 2019

Directors' remuneration
Group and Company

	31/7/19	31/7/18
	£ (000)	£ (000)
Aggregate Remuneration	148	203
Compensation for loss of office	9	-
Pension Contributions	29	40
	<u>186</u>	<u>243</u>

Two Directors within the Group were accruing benefits under the company's defined benefit pension scheme. The highest paid director received remuneration of £138K (2017/18: £137k). The value of the Company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £28k (2017/18: £27K). The directors have considered whether there are any further key management personnel and no such parties were identified.

6. Other Operating expenses

	Group	Company	Group	Company
	31/7/19	31/7/19	31/7/18	31/7/18
	£ (000)	£ (000)	£ (000)	£ (000)
General Office Costs	329	128	309	153
Marketing & Promotions	225	205	154	131
Premises Costs	8,846	8,846	6,915	6,915
Insurance	177	177	154	154
Audit Fee	63	56	42	38
Management Costs	121	121	122	122
Other Professional Fees	1,968	1,966	2,426	2,423
	<u>11,729</u>	<u>11,499</u>	<u>10,122</u>	<u>9,936</u>

7. Interest payable

	Group	Company	Group	Company
	31/7/19	31/7/19	31/7/18	31/7/19
	£ (000)	£ (000)	£ (000)	£ (000)
On bank overdraft and loans	1,688	1,688	1,701	1,701
On Finance Leases	122	122	152	152
Pension Finance Cost (note 17)	239	239	238	238
	<u>2,049</u>	<u>2,049</u>	<u>2,091</u>	<u>2,091</u>

Interest charges relating to the finance lease and interest on bank loans are allocated to periods over the term of the liability/debt to produce a charge in the Income and Expenditure account that is a constant percentage of the carrying amount of the liability/debt in the Balance Sheet.

8. Analysis of Campus Services income by activity

	Group	Company	Group	Company
	31/7/19	31/7/19	31/7/18	31/7/18
	£ (000)	£ (000)	£ (000)	£ (000)
Retail	1,457	1,457	1,328	1,328
Catering & Bar	404	404	776	776
Residences	10,293	10,293	10,651	10,651
Nursery	606	606	554	554
Fitness Centre	410	410	427	427
Reprographics	430	430	436	436
Campus and Commercial Events	897	-	814	-
	<u>14,497</u>	<u>13,600</u>	<u>14,986</u>	<u>14,172</u>

Falmouth Exeter Plus
Notes to the Consolidated Financial Statements
For the Year ended 31 July 2019

9. Fixed Assets

Group	Assets in the course of construction £ (000)	Long Leasehold Buildings £ (000)	Short Leasehold Buildings £ (000)	Equipment £ (000)	Total £ (000)
Cost					
B/f as at 1 August 2018	153	85,112	2,899	6,371	94,535
Additions for the Year	488	918	-	1,814	3,220
Disposals for the Year	(132)	-	-	(44)	(176)
Transfers	(21)	-	-	21	-
C/f as at 31 July 2019	488	86,030	2,899	8,162	97,579

Depreciation

B/f as at 1 August 2018	-	6,657	2,031	3,882	12,570
Charge for the Year	-	1,920	145	1,292	3,357
Depreciation on Disposals	-	-	-	(44)	(44)
C/f as at 31 July 2019	-	8,577	2,176	5,130	15,883

Net book value

As at 31 July 2018	153	78,455	868	2,489	81,965
As at 31 July 2019	488	77,453	723	3,032	81,696

Company	Assets in the course of construction £ (000)	Long Leasehold Buildings £ (000)	Short Leasehold Buildings £ (000)	Equipment £ (000)	Total £ (000)
Cost					
B/f as at 1 August 2018	153	85,112	2,899	6,350	94,514
Additions for the Year	488	918	-	1,815	3,221
Disposals for the Year	(132)	-	-	(44)	(176)
Transfers	(21)	-	-	21	-
C/f as at 31 July 2019	488	86,030	2,899	8,142	97,559

Depreciation

B/f as at 1 August 2018	-	6,657	2,031	3,867	12,555
Charge for the Year	-	1,920	145	1,287	3,352
Depreciation on Disposals	-	-	-	(44)	(44)
C/f as at 31 July 2019	-	8,577	2,176	5,110	15,863

Net book value

As at 31 July 2018	153	78,455	868	2,483	81,959
As at 31 July 2019	488	77,453	723	3,032	81,696

The cumulative amount of interest capitalised at 31 July 2019 was £1,011,000 (2018: £1,011,000).

Falmouth Exeter Plus
Notes to the Consolidated Financial Statements
For the Year ended 31 July 2019

9. Fixed Assets (continued)

Land and buildings have previously been revalued in accordance with the old basis of accounting (2007 SORP) and on transition to FRS 102. The valuations as at the date of transition have been taken as deemed cost.

Long leasehold buildings were revalued by Alder King, Chartered Surveyors on the basis of existing use value on 31 July 2014 at a value of £82,909K. The existing use value does not include directly attributable selling/acquisition costs.

The Tuke House lease (in short leasehold buildings above) was assessed by Vickery Holman Chartered Surveyors on the basis of existing use on 31 March 2005 and was valued at £2,899K. The valuers are external to the Group.

10. Investments

The Company owns 100% of the issued share capital of 100 £1 Ordinary shares of the Tremough Development Vehicle Ltd (TDV). TDV was established to provide the construction of earlier buildings at the Penryn Campus.

The Company also owns 100% of the issued share capital of 2 £1 Ordinary shares of Cornwall Plus Limited. The company was established to operate non student letting of residences, non-academic conferences, external events and corporate hospitality and started trading on 1 August 2013.

11. Stock

	Group 2019 £ (000)	Company 2019 £ (000)	Group 2018 £ (000)	Company 2018 £ (000)
Shop	87	87	52	52
Refectory	28	28	27	27
Bar	13	13	21	21
Other	12	12	20	20
	<u>140</u>	<u>140</u>	<u>120</u>	<u>120</u>

12. Trade and other receivables

	Group 2019 £ (000)	Company 2019 £ (000)	Group 2018 £ (000)	Company 2018 £ (000)
Trade Debtors	323	296	298	294
Bad Debt Provision	(159)	(159)	(150)	(150)
Amounts Owed by Group Undertakings	-	259	-	372
Amounts Owed by Related Undertakings -				
University of Exeter	368	365	240	208
Falmouth University	501	501	-	-
Other Debtors	37	11	83	10
Prepayments & Accrued Income	767	767	622	622
	<u>1,837</u>	<u>2,040</u>	<u>1,093</u>	<u>1,356</u>

Falmouth Exeter Plus
Notes to the Consolidated Financial Statements
For the Year ended 31 July 2019

13. Creditors - amounts falling due in one year

	Group 2019 £ (000)	Company 2019 £ (000)	Group 2018 £ (000)	Company 2018 £ (000)
Bank Overdraft	140	140	607	607
Bank Loans	2,423	2,423	2,364	2,364
Finance Lease Commitments due in One Year	368	368	357	357
Trade Creditors	1,274	1,182	920	862
Amounts Owed to Related Undertakings - Falmouth University	-	-	127	127
Other Taxation and Social Security	413	413	439	439
Other Creditors	195	195	167	167
Accruals	1,882	1,759	1,428	1,245
	<u>6,695</u>	<u>6,480</u>	<u>6,409</u>	<u>6,168</u>

14. Creditors - amounts falling due after more than one year

	Group and Company 2019 £ (000)	2018 £ (000)
Not wholly repayable within five years:		
Bank Loan 1	13,384	14,083
Bank Loan 2	9,573	9,954
Bank Loan 3	14,793	15,603
Bank Loan 4	5,230	5,762
Finance Lease Commitments after One Year	1,257	1,496
	<u>44,237</u>	<u>46,898</u>

	Group and Company 2019 £ (000)	2018 £ (000)
Amounts repayable on loans:		
In one year or less	2,423	2,364
In more than one year but not more than two years	2,497	2,423
In more than two years but not more than five years	7,927	7,705
In more than five years	32,555	35,274
	<u>45,402</u>	<u>47,766</u>

	Group and Company Amount £ (000)	Term	Interest rate %
Lloyds Bank plc (loan 1)	14,083	2032	5.8875
Lloyds Bank plc (loan 2)	9,954	2036	5.215
Barclays Bank plc (loan 3)	15,603	2038	3 month LIBOR +0.275%
			2.24% plus lending margin and costs
European Investment Bank (loan 4)	2,357	2027	
Lloyds Bank plc (loan 4)	3,405	2031	2.0887%
	<u>45,402</u>		

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14. Creditors - amounts falling due after more than one year (continued)

Guarantees covering all bank loans have been given by Falmouth University and the University of Exeter on a 50:50 basis. The two universities also have banking covenants that they are required to meet on an annual basis.

	Group and Company	
	2019	2018
	£ (000)	£ (000)
Amounts repayable on finance leases:		
In one year or less	368	357
In more than one year but not more than two years	379	368
In more than two years but not more than five years	1,206	1,172
In more than five years	-	414
Less future finance charges	(328)	(458)
	<u>1,625</u>	<u>1,853</u>

15. Cash and cash equivalents

Group

	At 1 Aug 2018	Cashflows	At 31 July 2019
	£ (000)	£ (000)	£ (000)
Cash and cash equivalents	4,978	(1,709)	3,269
Overdraft	(607)	467	(140)
Total	<u>4,371</u>	<u>(1,242)</u>	<u>3,129</u>

16. Consolidated reconciliation of net debt

	31 July 2019
	£ (000)
Net debt 1 August 2018	45,248
Movement in cash and cash equivalents	(1,709)
Other non cash changes	360
Net debt 31 July 2019	43,899
Change in net debt	<u>(1,349)</u>

Analysis of net debt:	31 July 2019	31 July 2018
	£ (000)	£ (000)
Cash and cash equivalents	3,269	4,978
Borrowings: amounts falling due within one year		
Secured loans	2,423	2,364
Bank Overdraft	140	607
Obligations under finance leases	368	357
	<u>2,931</u>	<u>3,328</u>
Borrowings: amounts falling due after more than one year		
Secured loans	42,980	45,402
Obligations under finance leases	1,257	1,496
	<u>44,237</u>	<u>46,898</u>
Net debt	<u>43,899</u>	<u>45,248</u>

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17. Pension scheme

The Group's employees belong to the Cornwall Council Superannuation Scheme.

The Group is an admitted body of the Cornwall Council Superannuation Scheme which is a funded defined benefit scheme with the assets held in separate trustee administered funds.

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

The Group has set out below the information available on the scheme.

Latest actuarial valuation	31 March 2016
Period of actuarial valuation	3 years
Actuarial method	Prospective benefits
Investment returns per annum	3.9%
Salary scale increases per annum	2.2%
Market value of assets at date of last valuation	£1,475M
Proportion of members' accrued benefits covered by the actuarial value of assets	75%
Employers primary contribution rate (excluding lump sum)	18.3%
Employees average contribution rate	6.2%

The Group contributes to the Cornwall Council Superannuation Scheme, a defined benefit scheme in the UK. A full actuarial valuation was carried out at 31 March 2016 and updated to 31 July 2019 by a qualified independent actuary. The major assumptions used by the actuary were:

	31 Jul 2019	31 Jul 2018	31 Jul 2017
	% pa	% pa	% pa
Inflation (CPI)	2.4	2.4	2.4
Rate of increase in salaries payment	2.5	2.5	2.5
Rate of increase in pension	2.4	2.4	2.4
Discount rate	2.2	2.8	2.7

The assumed life expectancy is:

	Males	Females
Current pensioners	21.1 years	23.6 years
Future pensioners	22.3 years	25.0 years

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The assets and liabilities of the scheme and the expected rates of return were:

	Long-term rate expected 31 July 2019	Assets at 31 July 2019	Long-term rate expected 31 July 2018	Assets at 31 July 2018	Long-term rate expected 31 July 2017	Assets at 31 July 2017
	%	£(000)	%	£(000)	%	£(000)
Equities	2.2	13,223	2.8	9,471	2.7	7,966
Bonds	2.2	8,896	2.8	8,867	2.7	7,288
Property	2.2	1,683	2.8	1,612	2.7	1,186
Cash	2.2	240	2.8	202	2.7	508
Estimated employer's share of scheme assets		24,042		20,152		16,948
Present value of scheme liabilities		(35,407)		(28,156)		(25,138)
Net pension liability		(11,365)		(8,004)		(8,190)

Analysis of the amount charged/credited to income and expenditure account

	2019	2018
	£(000)	£(000)
Current service cost	2,408	2,730
Net liabilities acquired on transfer of staff	-	-
Total operating charge	2,408	2,730

Analysis of the amount charged to pension finance costs/credited to pension finance income

	2019	2018
	£(000)	£(000)
Expected return on pension scheme assets	587	481
Interest on pension scheme liabilities	(826)	(719)
Net charge	(239)	(238)

Amount recognised in Other Comprehensive Income (OCI)

	2019	2018
	£(000)	£(000)
Actuarial (loss)/gain recognised in OCI in the year	(2,068)	1,718
Cumulative actuarial loss in OCI at 1 August	(3,381)	(5,099)
Cumulative actuarial loss in OCI at 31 July	(5,449)	(3,381)

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Reconciliation of defined benefit obligation

	2019 £(000)	2018 £(000)
Opening defined benefit obligation	28,156	25,138
Current service cost	2,408	2,730
Interest cost	826	719
Contributions by members	437	468
Remeasurements	3,682	(779)
Losses on curtailments	30	-
Estimated benefits paid	(132)	(120)
Closing defined benefit obligation	35,407	28,156

Reconciliation of fair value of employer assets

	2019 £(000)	2018 £(000)
Opening fair value of employer assets	20,152	16,948
Expected return on assets	587	481
Contributions by members	437	468
Contributions by the employer	1,384	1,436
Remeasurements	1,614	939
Assets acquired	-	-
Benefits paid	(132)	(120)
Closing fair value of employer assets	24,042	20,152

History of experience gains and losses

	Year to 31 July 2019 £(000)	Year to 31 July 2018 £(000)	Year to 31 July 2017 £(000)	Year to 31 July 2016 £(000)	Year to 31 July 2015 £(000)
Difference between the expected and actual return on assets	1,614	939	974	(343)	204
Value of assets	24,042	20,152	16,948	13,908	12,221
Percentage of assets	6.7%	4.7%	5.7%	(2.5%)	1.7%
Experience gains on liabilities	(3,682)	779	858	2,571	1,993
Present value of liabilities	35,407	28,156	25,138	22,953	17,646
Percentage of the present value of liabilities	(10.4%)	2.8%	3.4%	11.2%	11.3%
Actuarial gains recognised in OCI	(2,068)	1,718	1,832	(2,914)	(1,907)
Present value of liabilities	35,407	28,156	25,138	22,953	17,646
Percentage of the present value of liabilities	(5.8%)	6.1%	7.3%	(12.7%)	(10.8%)
Deficit brought forward	(8,004)	(8,190)	(9,045)	(5,425)	(3,294)
Movement	(3,361)	186	855	(3,620)	(2,131)
Deficit carried forward	(11,365)	(8,004)	(8,190)	(9,045)	(5,425)

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Pension scheme – USS

The total cost charged to the Statement of Comprehensive Income is £21K (2018: £25K). No liability has been included for deficit payments as these are not considered to be material.

The latest available complete actuarial valuation of the Retirement Income Builder of the scheme is at 31 March 2017 ("the valuation date"), which was carried out using the projected unit method. As at the year end a valuation as at 31 March 2018 was underway but not yet complete.

Since the Group cannot identify its share of Retirement Income Builder section of the scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2017 valuation was the fourth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles:

Discount rate (forward rates)	Years 1-10: CPI - 0.53% reducing linearly to CPI - 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21 +: CPI + 1.7%
Pension increase (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

2019 and 2018

Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. Post retirement: 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

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The funding position of the scheme has since been updated on an FRS102 basis:

	2019	2018
Scheme assets	£67.4bn	£63.6bn
Total scheme liabilities	£79.2bn	£72.0bn
FRS 102 total scheme deficit	£11.8bn	£8.4bn
FRS 102 total funding level	85%	88%

Key assumptions used are:

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

18. Capital commitments

	Group 2019 £ (000)	Company 2019 £ (000)	Group 2018 £ (000)	Company 2018 £ (000)
Authorised but not committed	2,945	2,945	8,255	8,255
Commitments contracted at 31 July	4,933	4,933	512	512

Amounts authorised are in respect of various construction and other capital projects at the Penryn Campus less commitments to date and are funded by the two universities.

19. Financial commitments

Details of loan agreements are provided in note 14.

Amounts payable under non-cancellable operating leases were as follows:

	Group and Company 2019 £ (000)	2018 £ (000)
Land and buildings		
In one year or less	1,557	1,341
In more than one year but not more than two years	379	368
In more than two years but not more than five years	1,207	1,172
In more than five years	-	414
Total	<u>3,143</u>	<u>3,295</u>

Total lease payments in the year were £1,330k (2018:£1,911k).

Included in the total above is £1,954k which represents the remaining lease commitments for student residences, Henry Scott Tuke House, which commenced on 1 August 1999 and was transferred from Falmouth University to complement the freehold residences at the Penryn Campus. The remaining period of the lease is 5 years and lease payments are linked to the rate of inflation. The amount recognised in the Statement of Comprehensive Income in the year is £130k. The balance represents head leases taken out for additional student residences to fulfil the short-term need.

20. Related party transactions

The Group has taken advantage of the exemption under FRS 102 not to disclose transactions with subsidiaries that are 100% owned.

For other related parties, the Group/company entered into the following transactions which are all shown on an arms' length basis.

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Group

	Sales to related parties	Purchases from related parties	Amounts owed by related party	Amounts owed to related party
	£ (000)	£ (000)	£ (000)	£ (000)
Year ended 31/7/19				
University of Exeter	6,876	14	368	-
Falmouth University	13,344	423	501	-
Year ended 31/7/18				
University of Exeter	6,822	68	240	-
Falmouth University	11,210	165	-	127

Company

	Sales to related parties	Purchases from related parties	Amounts owed by related party	Amounts owed to related party
	£ (000)	£ (000)	£ (000)	£ (000)
Year ended 31/7/19				
University of Exeter	6,868	14	365	-
Falmouth University	13,328	423	501	-
Year ended 31/7/18				
University of Exeter	6,790	68	208	-
Falmouth University	11,210	164	-	127

At the balance sheet date £501,000 was due from Falmouth University (2018: £127,000 due to Falmouth University) and £368,000 (2018: £240,000) was due from University of Exeter.

The parent institutions are as follows:

University of Exeter
 Stocker Road
 Exeter EX4 4PY

Falmouth University
 25 Woodlane
 Falmouth TR11 4RH