Falmouth Exeter Plus

(a Company Limited by Guarantee)

Registered number: 5103240

Consolidated Financial Statements for the Year to 31 July 2020

Directors (as at date of signing):	Jane Chafer Andrew Connolly Peter Cox Alan Hill *(Alternate Director)* Victoria Gosling Professor David Hosken Dr Robin Kirby Craig Nowell Justin Scott
Secretary:	Sharron Parsons
Auditor:	KPMG LLP Regus, 4th Floor Salt Quay House 6 North East Quay Plymouth PL4 0HP
Registered Number:	5103240
Registered Office:	Penryn Campus Penryn Cornwall TR10 9FE
Bankers:	Barclays Bank plc 3rd Floor Windsor Court 3 Windsor Place Cardiff CF10 3BX Lloyds Bank plc 25 Monument Street London EC3R 8BQ

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Strategic Report (incorporating the Financial and Operating Review)

The Directors submit their report and the financial statements for the year ended 31 July 2020.

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 FXU, 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 and Falmouth Campuses, including grounds, building maintenance, transport services, cleaning and security. 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 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 2019/20 are shown below:

			£ (000)	£ (000)
Income				
Central Support, Estates, Library, IT and Student Services				
Income from Falmouth/UoE			17,843	
Commercial Services			11,500	
Investment Income			17	
				29,360
Expenditure				
Central Support, Estates, Library, IT and Student Services costs			(17,843)	
Commercial Services				
	Staffing and other costs	(8,077)		
	Interest	(1,694)		
	Depreciation	(3,523)		
			(13,294)	
				(31,137)
Losses on disposal of fixed assets				(63)
Deficit for the year (exc pension costs)				**(1,840)**
Pension costs included in expenditure				(1,539)
Deficit for the year (inc pension costs)				**(3,379)**
Re-measurements in respect of Pension Scheme				(6,353)
Total comprehensive income for the year				**(9,732)**

The deficit for the year was £3,379K (2018/19 – deficit of £132K) including additional staffing and interest costs advised by the actuaries of £1,539K (2018/19 £1,293K) as part of the annual pension valuation.

Overview
Results for the year, like most businesses across the UK, were severely impacted by the national lockdown caused by the Covid-19 pandemic.

Closure of all campuses and the move of learning and teaching support to online meant that, whilst institutional support costs and income continued, on-campus activities such as residences and commercial operations ceased totally. In particular, income from trading operations was lower due to the decision not to charge rent for the summer term from March/April 2020 whilst costs continued to be incurred in running the campuses with little or no activity.

Where possible, costs were mitigated through access to Government support measures but lower income affected both income and cash levels for the year.

Key Performance Indicators

As a consequence of the lockdown, our 2019/20 performance measures were severely affected and, although student survey data remained positive, financial performance was significantly reduced.

Financial strategy KPI	Actual	Forecast	Calculation basis
External Income Targets £'000	334	1,146	Cornwall Plus Limited income
External Income Surplus £'000	9	435	Cornwall Plus Limited surplus
Deficit Target £'000	(3,379)	328	Net Group surplus/(deficit)
Cost per student fte £	2,164	2,291	Costs shared/student numbers
Total property costs per student fte £	1,147	878	Non residences estates costs/student numbers
Adjusted EBITDA £m	£3.8m	£5.5m	Surplus less investment income plus depreciation plus interest payable plus additional pension staff costs
Liquidity	3 days	70 days	Cash/Costs excl depreciation x 365

In February 2020, the FX Plus Board approved the introduction of a new set of KPIs, which we were to measure ourselves against from August 2020 and, whilst we have not been in a position to collect a completed set of KPI data, we have still been able to collect the following key data:

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

- 60% of student respondents said that they had seen most improvement in study space, 40% reported most improvement in the library and 30% an improvement in the gardens and grounds.
- Meanwhile, 30% of staff who responded reported that they had seen most improvement in recycling facilities, whilst 26% felt there was most improvement in the gardens and grounds and 23% in study space.

In terms of areas that are perceived to require improvement:

- 80% of students responding said that car parking and travel required most improvement, with 40% identifying social space, and 30% study space as key areas for improvement.
- The response from staff differed somewhat, in that the area perceived to need most improvement was catering at 57%, with car parking being identified as needing improvement by 39% of respondents and recycling by 23%.

It is worth noting that the number of respondents to our Shared Services Survey was understandably very small this year due to the closure of the campus in response to covid-19. There were 179 respondents with only 17 identifying themselves as students. This clearly calls the reliability of our data into some doubt.

Central support, Estates, Library, IT and Student Services

Costs for those services provided to the two institutions remained static over the year despite the move to on-line support. Through the annual business planning exercise additional funds were agreed for new buildings and continued IT investment but were offset by savings and service adjustments in some areas. In addition, spending on Direct Services was restricted post-lockdown in order to mitigate losses from commercial operations.

Delivery Plan

In February 2020, the MD introduced 6 over-arching enabling strategic principles, which were developed as a tool against which to hold delivery and project plans. Inevitably, delivery planning across the directorates have been refocused in light of the current situation, but whilst our delivery plans have had to change due to the Covid-19 pandemic, our newly identified priorities may still be held against those principles.

Despite the Covid-19 situation, work has continued on the building of the social and academic buildings. The academic building is now operational, and it is anticipated that the social building will be operational for January 2021 (subject to fit out approval).

Phase 2 of the Planon project was successfully delivered on time in May, with Planned Preventative Maintenance (PPM) capability now fully operational.

Sustainability has remained as a priority despite the current crisis. Our Head of Sustainability, Ollie Milner, commenced in post in February 2020. Ollie has been working to modernise our wider sustainability programme, establishing a more comprehensive and structured sustainability governance structure and pulling together a Sustainability plan and policy.

Within IT and Digital, there has been a continued focus on core operations and a full service restructure was completed. There have also been several key achievements within the 5 year investment plan. IT & Digital have continued to deliver against a number of transformational agendas, including the delivery of the Modern Office programme and supporting / driving the implementation of a new FX Plus Intranet, which went live at the end of August 2020. The focus will now turn to a review of core processes within the directorate as we work to stabilise and improve core SLA achievement.

Within Student and Library Services, work has been done to improve our self-serve resources within "Compass" and Studyhub, as well as developing other support processes such as increasing the scope for online appointment booking and the use of "chat" for Compass enquiries. SLS have also been involved with a Public Sector Web Accessibility Regulations project and inputting to an overhaul of the FX Plus website. The replacement of library print content with digital and the digitisation of archives and special collections is an ongoing process. As a backdrop to this activity, there have been staff restructures of the library and our helpdesks in order to ensure that they remain fit for purpose as we move forwards.

Covid-19

Since March 2020, our operations have clearly been dominated by Covid-19, and the Company, led by a strong Senior Executive Team, have responded to the crisis.

FX Plus successfully supported the universities in closing their Cornwall campuses quickly and safely, whilst ensuring that key services were kept ticking over during lockdown. Once the campuses had been closed, attention immediately turned to getting them "Covid Secure" in time for re-opening in September.

To this end, we enhanced our existing governance structure, establishing the Partnership Co-ordination Group (PCG), which is a forum for senior university representatives, the SU and SET Directors to make quick decisions as we move to respond to the current situation. The Business Readiness Group, meanwhile, reports to PCG and provides oversight and assurance that all areas of FX Plus are responding to the requirements of our university partners and key stakeholders.

At the Board meeting in February 2020, 6 over-arching enabling strategic principles were introduced, which were developed as a tool against which we hold our delivery and project plans. Inevitably, delivery planning across directorates have been refocused in light of the current situation. It is interesting therefore, that whilst our delivery plans have had to change due to the Covid-19 pandemic, our newly identified priorities are still held against those principles.

In parallel to the hard work that has been done in responding to the pandemic, FX Plus has also been able to move forward with many pre-existing priorities. Not only have we delivered the shared academic space at Penryn campus, but we have also rolled out our new Intranet site. We have also continued with restructuring in Estates, Student and Library Services and Commercial Operations and made strides in the implementation of new Modern Office working principles.

Sustainability
From 1 April 2019, the Government introduced new reporting requirements for all companies through the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. These regulations require us to disclose energy emissions and usage data through Streamlined Energy and Carbon Reporting (SECR).

For 2019/20 our global greenhouse gas (GHG) emissions and energy use data for period 1 August 2019 to 31 July 2020 were as follows:

	Current reporting year 2019-2020		**Comparison reporting year 2018-2019**	
	UK and offshore	Global (exc UK and offshore)	UK and offshore	Global (exc UK and offshore)
Emissions from activities for which the company own or control including combustion of fuel & operation of facilities (Scope 1) / tCO_2e	2,902	0	2,786	0
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, location based) / tCO_2e	1,916	0	2,282	0
Total gross Scope 1 & Scope 2 emissions / tCO_2e	4,817	0	5,068	0
Energy consumption used to calculate above emissions: /kWh	24,074,336	0	23,998,657	0
Intensity ratio: tCO_2e (gross Scope 1 + 2) / m^2 GIA	0.0468	0	0.0492	0
Methodology	GHG Reporting Protocol – Corporate Standard		GHG Reporting Protocol – Corporate Standard	

In the period covered by the report, the Company has undertaken the following actions to reduce energy consumption and associated GHG emissions:

- Refreshed heating policy and reduced heating setpoints
- Implemented an energy data monitoring process to improve the monitoring of energy data and identification of wastage
- Implementation of time controls to air handling units in the AMATA building
- Electrification of the Estates team fleet vehicles

Commercial Services
Trading income for the Group is shown in note 8.

This shows a 20% reduction due to the closure of both campuses and the decision not to charge rent for the summer term.

Balance sheet
Fixed asset investments during the year of £2m included upgrades to learning and teaching spaces (£1.1m), IT enhancements (£0.75m) and work in progress on new shared spaces which are due for completion in 2020/21.

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

The net current liability stands at £4.5M (2018/19 - £1.4M) and the pension deficit increased to £19.3M (2018/19 - £11.4M) as explained in note 17.

Cashflow and liquidity
At the year end the Group's net cash balances were £0.2M (2018/19 - £3.3M) with the main movements during the year shown in the cashflow statement.

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.

Risk management has been monitored through the risk register process which included risks and opportunities across all services. The major risks for the Group are compliance risks relating to property, financial risks linked to recruitment and a new risk on meeting Government guidance for a Covid-Safe environment for students and staff.

Summary

Ref	Category	Risk Heading	Target Risk Score	Previous Score (Oct 19)	Current Risk Score	Direction
FXP24	Legal	Compliance risk through exposure to legal penalties, financial forfeiture and material loss	10	n/a	20	*new*
FXP03	Financial	Inability to balance accommodation demand and supply based on recruitment forecasts	8	12	16	Rising ↑
FXP25	Legal	Failure to meet the government guidelines to operate a Covid-19 safe and compliant campus	8	n/a	16	*new*
FXP01	Strategic	Failure of strategic engagement and governance	12	12	12	Steady ↔
FXP05	Legal	Adherence to GDPR / FOI information/compliance	8	12	12	Steady ↔
FXP08	Operational	Technical and/or physical IT security is compromised	15	20	12	Falling ↓
FXP09	Operational	Technical Infrastructure Capacity and Resilience	6	12	12	Steady ↔
FXP13	Operational	Staff Wellbeing	12	12	12	Steady ↔
FXP18	Operational	Inability to meet needs of buildings security strategies	8	16	12	Falling ↓
FXP22	Operational	Insufficient or inadequate corporate business continuity plans across FX Plus	8	n/a	12	*new*
FXP23	Operational	Service failure directly impacting the Student Experience	12	n/a	12	*new*
FXP02	Strategic	Failure to meet University Environmental Targets	6	9	9	Steady ↔

The risks concerning IT security are falling following significant investment in this area whilst other risks relating to building security strategies are being addressed through new works and backlog maintenance plans.

The Board also noted the growing pension deficit and accepted that the risk of further increases and higher contribution rates had been mitigated following the closure of the LGPS scheme to new members. Full realisation of the deficit would only be crystallised when the last employee left the scheme and, as such, continual monitoring and reporting would be required.

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 £9K (2018/19 - £141K), which has been donated under a gift aid agreement to the parent company FX Plus.

Income fell by 63% against the prior year due to campus closure and the loss of summer trading from conference and events.

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.

Delivery Planning – 2020/21
It is intended that our delivery plan for 2020/21 will assist the universities in delivering on their strategies, and in February 2020, a set of priority projects for FX Plus to focus on were approved by the Board:

- Campus 2030 Masterplan: To deliver the future space requirements, a master plan and estates strategy needs to be developed. To support this, a number of other strategies and processes need to be implemented including Space Policy & Utilisation and Smart Campus Strategy. This is also supported by other projects that will review existing workstreams.

- Enabling Portfolio 2030 and Education Strategy: Developing academic, research and personal support services to students and staff. Identifying how to adapt services and resources for the future. Increasing engagement with students and academic teams and shifting to more proactive ways of delivering support. Contribute to University challenges around Partnerships, Access & Participation, and maintaining TEF.

- Customer Access Strategy: Reviewing and agreeing the customer access strategy will allow for greater clarity and consistency of the customer experience at the first point of contact. Amongst other things, the review will consider preferred channel per service (Online, telephony, face to face); location of any face to face service; synergies and efficiency available (both people and space); Customer Charters and aligned service standards.

- Customer Service Development: FX Plus has a key role in developing our customer service offering and ensuring continual improvements in this area. There is a need to ensure we look at all areas of customer service across FX Plus and the links to the support services in both universities.

- Student Social Experience: FX Plus has a key role in supporting the two universities and the Students Union in ensuring that a first-class and inclusive social experience is available for all students on campus. With a key focus on student engagement and ongoing insight and feedback, FX Plus will shape services on Campus in line with the changing demographic and social needs, thereby driving a sense of social inclusivity & community for the student population.

- Finance fit for the future: FX Plus has a critical role in ensuring the financial viability and sustainability of the shared service provision to the two universities. FX Plus will focus on income growth through market penetration and service & product development in its commercial area supported by agile labour modelling and robust tendering and contract management across all business functions.

- Sustainability: FX Plus has a key role in supporting the two universities and the Students Union in working together on a shared campus to embed sustainable changes in everything we do. Overseeing the delivery of the Carbon Reduction Programme and all sustainability activities within FX Plus. This area will also focus on how the culture change is introduced and embedded in our staff, as well as supporting universities in engaging with the wider campus community.

- Keeping our People and Property Safe: To develop and implement a robust security strategy to meet the needs and ensure the safety of all campus users. Ensure stakeholder engagement to understand the required levels of service and resilience throughout both core activity time and out of hours. To ensure process, systems and equipment are in place and make recommendations for investment.
- FX Plus Brand, Marketing and Communications: To review principles and implementation of FX Plus branding and develop provision of digital information. This will include FX Plus staff intranet, FX Plus internet content (including student, staff and external facing) reviewing FX Plus content on university websites/SharePoint. It will also address the requirement for Public Sector Website Accessibility regulations and develop an overall Plan for FX Plus communications (including student communications which are the responsibility of FX Plus).

- Productivity Improvements: The project will be delivered across many focus areas:
  - Developing standard approaches to defining and measuring the delivery of services offered by FX Plus to its customers, including the introduction of service catalogues and alignment to wider KPI reporting;
  - Transforming the way in which FX Plus collaborates and communicates internally and with its customers, partners and suppliers;
  - Driving a new culture of openness and transparency through the adoption of Microsoft Office 365;
  - Modernise ways of working, including but not limited to; committee and meeting operations, project and task collaboration, Business Analytics and the delivery of a new fit for purpose Intranet (including access to shared content for staff who operate across the Cornwall campuses);
  - Developing smarter ways of delivering our processes/procedures across the whole of FX Plus by using some of the new technologies e.g. Power BI.

Conclusion

These are uncertain times, but FX Plus has made good progress, not only rising to the challenge in our response to the Covid-19 crisis, but also in continuing with pre-existing projects, even accelerating the progress in some areas, primarily in our digital journey. All of this has been possible due to the commitment of staff to whom thanks must be expressed.

There is undoubtedly a long journey ahead as the impacts of Covid-19 become clear. There will need to be continued development of our online skills and capacity to deliver more resources online. Indeed, this is an opportunity for FX Plus to think about working differently.

I would like to thank our Managing Director, Tony Sanders, for his leadership during the past four years who said when he left that he was confident that "the organisation will continue to move forward in these challenging times, due in great part to the strength of the current team SET Directors and the staff body as a whole". I can only echo those sentiments.

By Order of the Board

Peter Cox
Chair

Date: 15 January 2021

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 £3,379,000 (2018/19 - £132,000). 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 (appointed 1 August 2019)
Andrew Connolly
Peter Cox
Victoria Gosling (appointed 17 June 2020)
Alan Hill
Professor David Hosken
Daniel Jones (resigned 28 February 2020)
Dr Robin Kirby
Professor Alan Murray (resigned 17 June 2020)
Craig Nowell
Antony Sanders (resigned 31 August 2020)
Justin Scott (appointed 24 June 2020)

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.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the reasons set out below.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, the company will have sufficient funds, including funding from its members, Falmouth University and University of Exeter to meet its liabilities as they fall due for that period. The Directors have undertaken scenario planning for the effects of the Covid-19 pandemic and changes in student numbers.

The members each guarantee 50% of the company's bank loans. Both members have addressed their covenant requirements and obtained loan amendments from the banks as necessary.

Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

By Order of the Board

Peter Cox
Chair

Date: 15 January 2021

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 2019/20, the Board met three times, with additional communication between meetings.

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 five committees reporting directly to it: Joint Systems Committee (JSC), Strategic Infrastructure Committee (SIC), the Combined Strategic Health and Safety Committee (CSHSC), the Cornwall Campuses Environmental and Climate Emergency Board (formerly the Strategic Sustainability Group) and the FX Plus Finance Committee.

Terms of Reference

Cornwall Campuses Environmental and Climate Emergency Board 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.

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.

Internal control
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, although this was increased to fortnightly from the announcement of the Covid-19 pandemic. SET comprised the following staff:

David Dickinson, Director of Student and Library Services
Stuart Gaslonde, Director of IT and Digital
Oliver Lane, Director of Accommodation and Facilities
Sarah Roby, Director of Estates
Lee Hallam, Director of Commercial Operations (from November 2019)

Senior representatives from Finance and Human Resources attend most meetings, along with the head of Programmes and Business Transformation, 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.

SParsons
Sharron Parsons (Jan 15, 2021 15:12 GMT)

Sharron Parsons
Board Secretary

Date: 15 January 2021

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

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group and the 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 and 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.

Opinion

We have audited the financial statements of Falmouth Exeter Plus ("the company") for the year ended 31 July 2020 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 Principal 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 2020 and of the group's and parent company's loss 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.

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 12 months 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 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 15, 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
Regus, 4th Floor
Salt Quay House
6 North East Quay
Plymouth
PL4 0HP
19 January 2021

Falmouth Exeter Plus
Consolidated and Company
Statement of Comprehensive Income
For the Year ended 31 July 2020

	Note	**Year to 31/7/20 Group £ (000)**	**Year to 31/7/20 Company £ (000)**	**Year to 31/7/19 Group £ (000)**	**Year to 31/7/19 Company £ (000)**
Income					
Operating Income	***2***	29,343	29,018	32,377	31,621
Investment Income	***3***	17	17	32	31
Total Income		29,360	29,035	32,409	31,652
Expenditure					
Cost of Sales	***4***	938	771	1,389	1,076
Staff Costs	***5***	15,141	15,066	13,885	13,677
Other Operating Expenses	***6***	11,116	11,032	11,729	11,499
Depreciation	***9***	3,523	3,523	3,357	3,352
Interest Payable	***7***	1,958	1,958	2,049	2,049
Total Expenditure		32,676	32,350	32,409	31,653
Deficit before other Gains and Losses		**(3,316)**	**(3,315)**	**-**	**(1)**
Losses on Disposal of Fixed Assets		(63)	(63)	(132)	(132)
Deficit on Continuing Operations Before and After Tax		(3,379)	(3,378)	(132)	(133)
Deficit for the Year		**(3,379)**	**(3,378)**	**(132)**	**(133)**
Actuarial loss in respect of pension scheme		(6,353)	(6,353)	(2,068)	(2,068)
Total comprehensive income for the year		(9,732)	(9,731)	(2,200)	(2,201)
Represented by					
Unrestricted comprehensive income for the year		(9,732)	(9,731)	(2,200)	(2,201)

All items of income and expenditure relate to continuing activities.

The accompanying notes on pages 23 to 39 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 2020

Group

	Income & Expenditure Account *Unrestricted* **£ (000)**	Revaluation reserve **£ (000)**	Total **£ (000)**
Balance at 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/ 1 August 2019	(2,783)	27,428	24,645
Deficit from the income and expenditure statement	(3,379)	-	(3,379)
Other comprehensive income	(6,353)	-	(6,353)
Transfers between revaluation and income and expenditure reserve	519	(519)	-
Balance at 31 July 2020	(11,996)	26,909	14,913

Company

	Income & Expenditure Account *Unrestricted* **£ (000)**	Revaluation reserve **£ (000)**	Total **£ (000)**
Balance at 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/ 1 August 2019	(2,755)	27,428	24,673
Deficit from the income and expenditure statement	(3,378)	-	(3,378)
Other comprehensive income	(6,353)	-	(6,353)
Transfers between revaluation and income and expenditure reserve	519	(519)	-
Balance at 31 July 2020	(11,967)	26,909	14,942

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 23 to 39 form an integral part of the financial statements.

Falmouth Exeter Plus
Balance Sheets as at 31 July 2020

	Note	Group 2020 £ (000)	Company 2020 £ (000)	Group 2019 £ (000)	Company 2019 £ (000)
Fixed Assets					
Tangible Assets	***9***	80,149	80,149	81,696	81,696
Investment Assets	***10***	-	-	-	-
		80,149	80,149	81,696	81,696
Current Assets					
Stock	***11***	129	129	140	140
Trade and other receivables	***12***	2,080	2,131	1,837	2,040
Cash and cash equivalents		219	178	3,269	2,879
		2,428	2,438	5,246	5,059
Creditors - amounts falling due within one year	***13***	(6,936)	(6,917)	(6,695)	(6,480)
Net Current Liabilities		(4,508)	(4,479)	(1,449)	(1,421)
Total Assets less Current Liabilities		75,641	75,670	80,247	80,275
Creditors - amounts falling due after more than one year	***14***	(41,471)	(41,471)	(44,237)	(44,237)
Provisions					
Pension Provision	***17***	(19,257)	(19,257)	(11,365)	(11,365)
Total Net Assets		14,913	14,942	24,645	24,673
Unrestricted Reserves					
Income and Expenditure Reserve-unrestricted		(11,996)	(11,967)	(2,783)	(2,755)
Revaluation Reserve		26,909	26,909	27,428	27,428
Total Reserves		14,913	14,942	24,645	24,673

The financial statements on pages 19 to 39 were approved by the Board of Directors on 13 November 2020

Craig Nowell
Craig Nowell (Jan 18, 2021 14:33 GMT)

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Peter Cox
Chair

Craig Nowell
Deputy Chair

The accompanying notes on pages 23 to 39 form an integral part of the financial statements.

Falmouth Exeter Plus
Consolidated Cash Flow Statement
For the Year ended 31 July 2020

		Year to 31/7/20 £ (000)		Year to 31/7/19 £ (000)
Cash flow from operating activities				
Deficit for the year		(3,379)		(132)
Adjustment for non-cash items				
Depreciation		3,523		3,357
Decrease/(Increase) in stock		11		(20)
Increase in debtors		(243)		(744)
(Decrease)/Increase in creditors		(325)		366
Increase in pension provision		1,275		1,054
Loss on disposal of fixed assets		63		132
Adjustment for investing or financing items				
Investment income		(17)		(32)
Interest payable		1,958		2,049
Net cash inflow from operating activities		2,866		6,030
Cash flow from investing activities				
Proceeds from sale of fixed assets	-		-	
Payments made to acquire fixed assets	(1,862)		(2,901)	
		(1,862)		(2,901)
Cash flows from financing activities				
Investment income	17		32	
Interest paid	(1,592)		(1,682)	
Interest element of finance lease	(130)		(130)	
Repayment of amounts borrowed	(2,424)		(2,363)	
Capital element of finance lease	(258)		(228)	
		(4,387)		(4,371)
Decrease in cash and cash equivalents in the year		(3,383)		(1,242)
Cash and cash equivalents at the beginning of the year		3,129		4,371
Cash and cash equivalents at the end of the year		(254)		3,129

The accompanying notes on pages 23 to 39 form an integral part of the financial statements.

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.

There has been a change of accounting estimate under FRS102 10.18 in relation to the derivation of the CPI assumption, with the CPI assumption now being 0.1% higher than it would have been under the previous methodology. The impact is expected to be a circa £1.2m increase in the defined benefit obligation.

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 financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, the group and company will have sufficient funds, including funding from its members, Falmouth University and University of Exeter to meet its liabilities as they fall due for that period. The Directors have undertaken scenario planning for the effects of the Covid-19 pandemic and changes in student numbers.
The members each guarantee 50% of the company's bank loans. Both members have addressed their covenant requirements and obtained amendments from the banks as necessary to prevent a potential breach in July 2021.

Consequently, the Directors are confident that the group and company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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 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.

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.

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 31/7/20 £ (000)	Company 31/7/20 £ (000)	Group 31/7/19 £ (000)	Company 31/7/19 £ (000)
Central Support Services	638	638	475	475
Estates Services	9,455	9,455	10,251	10,251
Library, IT and Student Services	7,750	7,750	7,154	7,154
Campus Services (note 8)	11,500	11,166	14,497	13,600
Gift Aid	-	9	-	141
	29,343	29,018	32,377	31,621

3. Interest receivable

	Group 31/7/20 £ (000)	Company 31/7/20 £ (000)	Group 31/7/19 £ (000)	Company 31/7/19 £ (000)
Bank deposit interest	17	17	32	31

4. Cost of sales

	Group 31/7/20 £ (000)	Company 31/7/20 £ (000)	Group 31/7/19 £ (000)	Company 31/7/19 £ (000)
Material Purchases	938	771	1,389	1,076

5. Staff costs

	Group 31/7/20 £ (000)	Company 31/7/20 £ (000)	Group 31/7/19 £ (000)	Company 31/7/19 £ (000)
Wages and Salaries	11,300	11,225	10,434	10,226
Social Security Costs	988	988	873	873
Other Pension Costs	2,853	2,853	2,578	2,578
	15,141	15,066	13,885	13,677

Average Staff Numbers (FTEs) by Major Category:

Group and Company	**31/7/20**	**31/7/19**
Management	8	14
Estates and facilities	166	132
Library, IT and Student Services	126	125
Campus Services	80	109
	380	380

5. **Staff costs (continued)**

Directors' remuneration
Group and Company

	31/7/20 £ (000)	31/7/19 £ (000)
Aggregate Remuneration	176	148
Compensation for loss of office	-	9
Pension Contributions	30	29
	206	186

Two Directors within the Group were accruing benefits under the company's defined benefit pension scheme. The highest paid director received remuneration of £125K (2018/19: £138k). The value of the Company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £27k (2018/19: £28K). The directors have considered whether there are any further key management personnel and no such parties were identified.

6. **Other Operating expenses**

	Group 31/7/20 £ (000)	Company 31/7/20 £ (000)	Group 31/7/19 £ (000)	Company 31/7/19 £ (000)
General Office Costs	514	481	327	127
Marketing & Promotions	57	48	225	205
Heat, Light, Rates & Water	2,541	2,541	2,914	2,914
Other Premises Costs	5,058	5,058	5,798	5,798
IT Costs	1,079	1,053	841	840
Library & Learning Resource Costs	401	401	553	553
Insurance	207	207	177	177
External Audit Fees	31	27	28	21
Internal Audit Fees	33	33	26	26
Other Professional Fees	1,195	1,183	840	838
	11,116	11,032	11,729	11,499

7. **Interest payable**

	Group 31/7/20 £ (000)	Company 31/7/20 £ (000)	Group 31/7/19 £ (000)	Company 31/7/19 £ (000)
On bank overdraft and loans	1,585	1,585	1,688	1,688
On Finance Leases	109	109	122	122
Pension Finance Cost (note 17)	264	264	239	239
	1,958	1,958	2,049	2,049

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 31/7/20 £ (000)	Company 31/7/20 £ (000)	Group 31/7/19 £ (000)	Company 31/7/19 £ (000)
Retail	1,203	1,203	1,457	1,457
Catering & Bar	514	514	404	404
Residences	8,323	8,323	10,293	10,293
Nursery	577	577	606	606
Fitness Centre	313	313	410	410
Reprographics	236	236	430	430
Campus and Commercial Events	334	-	897	-
	11,500	11,166	14,497	13,600

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 2019	488	86,030	2,899	8,162	97,579
Additions for the Year	165	1,047	-	827	2,039
Disposals for the Year	(50)	-	-	(42)	(92)
Transfers	(438)	193	-	245	-
C/f as at 31 July 2020	165	87,270	2,899	9,192	99,526
Depreciation					
B/f as at 1 August 2019	-	8,577	2,176	5,130	15,883
Charge for the Year	-	2,050	145	1,328	3,523
Depreciation on Disposals	-	-	-	(29)	(29)
C/f as at 31 July 2020	-	10,627	2,321	6,429	19,377
Net book value					
As at 31 July 2019	488	77,453	723	3,032	81,696
As at 31 July 2020	165	76,643	578	2,763	80,149

9. **Fixed Assets (continued)**

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 2019	488	86,030	2,899	8,142	97,559
Additions for the Year	165	1,047	-	827	2,039
Disposals for the Year	(50)	-	-	(42)	(92)
Transfers	(438)	193	-	245	-
C/f as at 31 July 2020	165	87,270	2,899	9,172	99,506
Depreciation					
B/f as at 1 August 2019	-	8,577	2,176	5,110	15,863
Charge for the Year	-	2,050	145	1,328	3,523
Depreciation on Disposals	-	-	-	(29)	(29)
C/f as at 31 July 2020	-	10,627	2,321	6,409	19,357
Net book value					
As at 31 July 2019	488	77,453	723	3,032	81,696
As at 31 July 2020	165	76,643	578	2,763	80,149

The cumulative amount of interest capitalised at 31 July 2020 was £1,011,000 (2019: £1,011,000).

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 2020 £ (000)	Company 2020 £ (000)	Group 2019 £ (000)	Company 2019 £ (000)
Shop	100	100	87	87
Refectory	18	18	28	28
Bar	5	5	13	13
Other	6	6	12	12
	129	129	140	140

12. Trade and other receivables

	Group 2020 £ (000)	Company 2020 £ (000)	Group 2019 £ (000)	Company 2019 £ (000)
Trade Debtors	527	523	323	296
Bad Debt Provision	(236)	(236)	(159)	(159)
Amounts Owed by Group Undertakings	-	85	-	259
Amounts Owed by Related Undertakings -				
University of Exeter	749	749	368	365
Falmouth University	191	191	501	501
Other Debtors	36	6	37	11
Prepayments & Accrued Income	813	813	767	767
	2,080	2,131	1,837	2,040

13. Creditors - amounts falling due in one year

	Group 2020 £ (000)	Company 2020 £ (000)	Group 2019 £ (000)	Company 2019 £ (000)
Bank Overdraft	473	473	140	140
Bank Loans	2,496	2,496	2,423	2,423
Finance Lease Commitments due in One Year	379	379	368	368
Trade Creditors	917	917	1,274	1,182
Other Taxation and Social Security	480	480	413	413
Other Creditors	254	254	195	195
Accruals	1,937	1,918	1,882	1,759
	6,936	6,917	6,695	6,480

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

	Group and Company 2020 £ (000)	2019 £ (000)
Not wholly repayable within five years:		
Bank Loan 1	12,636	13,384
Bank Loan 2	9,173	9,573
Bank Loan 3	13,982	14,793
Bank Loan 4	4,692	5,230
Finance Lease Commitments after One Year	988	1,257
	41,471	44,237

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

	Group and Company	
	2020	**2019**
	£ (000)	**£ (000)**
Amounts repayable on loans:		
In one year or less	2,497	2,423
In more than one year but not more than two years	2,567	2,497
In more than two years but not more than five years	8,163	7,927
In more than five years	29,753	32,555
	42,980	45,402

	Group and Company		
	Amount	**Term**	**Interest rate**
	£ (000)		**%**
Lloyds Bank plc (loan 1)	13,384	2032	5.8875
Lloyds Bank plc (loan 2)	9,573	2036	5.215
Barclays Bank plc (loan 3)	14,793	2038	3 month LIBOR +0.275%
European Investment Bank (loan 4)	2,072	2027	2.24% plus lending margin and costs
Lloyds Bank plc (loan 4)	3,158	2031	2.0887%
	42,980		

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	
	2020	**2019**
	£ (000)	**£ (000)**
Amounts repayable on finance leases:		
In one year or less	379	368
In more than one year but not more than two years	390	379
In more than two years but not more than five years	816	1,206
Less future finance charges	(218)	(328)
	1,367	1,625

15. Cash and cash equivalents

Group

	At 1 Aug 2019	Cashflows	At 31 July 2020
	£ (000)	**£ (000)**	**£ (000)**
Cash and cash equivalents	3,269	(3,050)	219
Overdraft	(140)	(333)	(473)
Total	3,129	(3,383)	(254)

16. Consolidated reconciliation of net debt

	31 July 2020 £ (000)
Net debt 1 August 2019	**(43,899)**
Movement in cash and cash equivalents	3,050
Other non cash changes	(3,750)
Net debt 31 July 2020	**(44,599)**
Change in net debt	(700)

Analysis of net debt:	31 July 2020 £ (000)	31 July 2019 £ (000)
Cash and cash equivalents	**219**	**3,269**
Borrowings: amounts falling due within one year		
Secured loans	(2,496)	(2,423)
Bank Overdraft	(473)	(140)
Obligations under finance leases	(379)	(368)
	(3,348)	**(2,931)**
Borrowings: amounts falling due after more than one year		
Secured loans	(40,483)	(42,980)
Obligations under finance leases	(987)	(1,257)
	(41,470)	**(44,237)**
Net debt	**(44,599)**	**(43,899)**

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 2019
Period of actuarial valuation	3 years
Actuarial method	Prospective benefits
Investment returns per annum	4.1%
Salary scale increases per annum	2.3%
Market value of assets at date of last valuation	£1,926M
Proportion of members' accrued benefits covered by the actuarial value of assets	90%
Employers primary contribution rate (excluding lump sum)	18.3%
Employees average contribution rate	6.3%

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 2019 and updated to 31 July 2020 by a qualified independent actuary. The major assumptions used by the actuary were:

	31 Jul 2020 % pa	31 Jul 2019 % pa	31 Jul 2018 % pa
Inflation (CPI)	2.1	2.4	2.4
Rate of increase in salaries payment	2.1	2.5	2.5
Rate of increase in pension	2.1	2.4	2.4
Discount rate	1.4	2.2	2.8

The assumed life expectancy is:

	Males	Females
Current pensioners	21.4 years	23.6 years
Future pensioners	22.3 years	25.1 years

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

	Long-term rate expected 31 July 2020 %	Assets at 31 July 2020 £(000)	Long-term rate expected 31 July 2019 %	Assets at 31 July 2019 £(000)	Long-term rate expected 31 July 2018 %	Assets at 31 July 2018 £(000)
Equities	1.4	14,349	2.2	13,223	2.8	9,471
Bonds	1.4	10,097	2.2	8,896	2.8	8,867
Property	1.4	1,594	2.2	1,683	2.8	1,612
Cash	1.4	531	2.2	240	2.8	202
Estimated employer's share of scheme assets		26,571		24,042		20,152
Present value of scheme liabilities		(45,828)		(35,407)		(28,156)
Net pension liability		(19,257)		(11,365)		(8,004)

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

	2020 £(000)	2019 £(000)
Current service cost	2,622	2,408
Net liabilities acquired on transfer of staff	-	-
Total operating charge	2,622	2,408

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

	2020 £(000)	2019 £(000)
Expected return on pension scheme assets	547	587
Interest on pension scheme liabilities	(811)	(826)
Net charge	(264)	(239)

Amount recognised in Other Comprehensive Income (OCI)

	2020 £(000)	2019 £(000)
Actuarial loss recognised in OCI in the year	(6,353)	(2,068)
Cumulative actuarial loss in OCI at 1 August	(5,449)	(3,381)
Cumulative actuarial loss in OCI at 31 July	(11,802)	(5,449)

Reconciliation of defined benefit obligation

	2020 £(000)	2019 £(000)
Opening defined benefit obligation	35,407	28,156
Current service cost	2,622	2,408
Interest cost	811	826
Contributions by members	412	437
Remeasurements	6,790	3,682
Losses on curtailments	39	30
Estimated benefits paid	(253)	(132)
Closing defined benefit obligation	45,828	35,407

Reconciliation of fair value of employer assets

	2020 £(000)	2019 £(000)
Opening fair value of employer assets	24,042	20,152
Expected return on assets	547	587
Contributions by members	412	437
Contributions by the employer	1,386	1,384
Remeasurements	437	1,614
Assets acquired	-	-
Benefits paid	(253)	(132)
Closing fair value of employer assets	26,571	24,042

History of experience gains and losses

	Year to 31 July 2020 £(000)	Year to 31 July 2019 £(000)	Year to 31 July 2018 £(000)	Year to 31 July 2017 £(000)	Year to 31 July 2016 £(000)
Difference between the expected and actual return on assets	437	1,614	939	974	(343)
Value of assets	26,571	24,042	20,152	16,948	13,908
Percentage of assets	**1.6%**	**6.7%**	**4.7%**	**5.7%**	**(2.5%)**
Experience gains on liabilities	(6,790)	(3,682)	779	858	2,571
Present value of liabilities	45,828	35,407	28,156	25,138	22,953
Percentage of the present value of liabilities	**(14.8%)**	**(10.4%)**	**2.8%**	**3.4%**	**11.2%**
Actuarial gains recognised in OCI	(6,353)	(2,068)	1,718	1,832	(2,914)
Present value of liabilities	45,828	35,407	28,156	25,138	22,953
Percentage of the present value of liabilities	**(13.9%)**	**(5.8%)**	**6.1%**	**7.3%**	**(12.7%)**
Deficit brought forward	**(11,365)**	**(8,004)**	**(8,190)**	**(9,045)**	**(5,425)**
Movement	**(7,892)**	**(3,361)**	**186**	**855**	**(3,620)**
Deficit carried forward	**(19,257)**	**(11,365)**	**(8,004)**	**(8,190)**	**(9,045)**

Pension scheme – USS

The total cost charged to the Statement of Comprehensive Income is £24K (2019: £21K). 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 2018 ("the valuation date"), which was carried out using the projected unit method. A valuation as at 31 March 2020 is 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 2018 valuation was the fifth 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 £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles:

Discount rate (forward rates)	Years 1-10: CPI + 0.14% reducing linearly to CPI - 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%
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 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2018 valuation
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. Post retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.
Future improvements to mortality	CMI_2017 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:

	2018 valuation	**2017 valuation**
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

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

	2020	**2019**
Scheme assets	£66.5bn	£67.4bn
Total scheme liabilities	£79.4bn	£79.2bn
FRS 102 total scheme deficit	£12.9bn	£11.8bn
FRS 102 total funding level	84%	85%

Key assumptions used are:

	2020	**2019**
Discount rate	2.59%	2.44%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	4.20%	2.11%

18. Capital commitments

	Group 2020 £ (000)	**Company 2020 £ (000)**	**Group 2019 £ (000)**	**Company 2019 £ (000)**
Authorised but not committed	278	278	2,945	2,945
Commitments contracted at 31 July	821	821	4,933	4,933

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	
	2020	**2019**
	£ (000)	**£ (000)**
Land and buildings		
In one year or less	653	1,189
In more than one year but not more than two years	65	-
In more than two years but not more than five years	99	-
Total	817	1,189

Total lease payments in the year were £1,211k (2019:£1,330k).

Included in the total above is £368k 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 4 years and lease payments are linked to the rate of inflation. The amount recognised in the Statement of Comprehensive Income in the year is £108k.
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.

Group

	Sales to related parties £ (000)	Purchases from related parties £ (000)	Amounts owed by related party £ (000)	Amounts owed to related party £ (000)
Year ended 31/7/20				
University of Exeter	8,562	37	749	-
Falmouth University	14,754	199	191	-
Year ended 31/7/19				
University of Exeter	6,876	14	368	-
Falmouth University	13,344	423	501	-

Company

	Sales to related parties £ (000)	Purchases from related parties £ (000)	Amounts owed by related party £ (000)	Amounts owed to related party £ (000)
Year ended 31/7/20				
University of Exeter	8,562	37	749	-
Falmouth University	14,754	199	191	-
Year ended 31/7/19				
University of Exeter	6,868	14	365	-
Falmouth University	13,328	423	501	-

At the balance sheet date £218,000 (2019: £501,000) was due from Falmouth University and £749,000 (2019: £368,000) 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