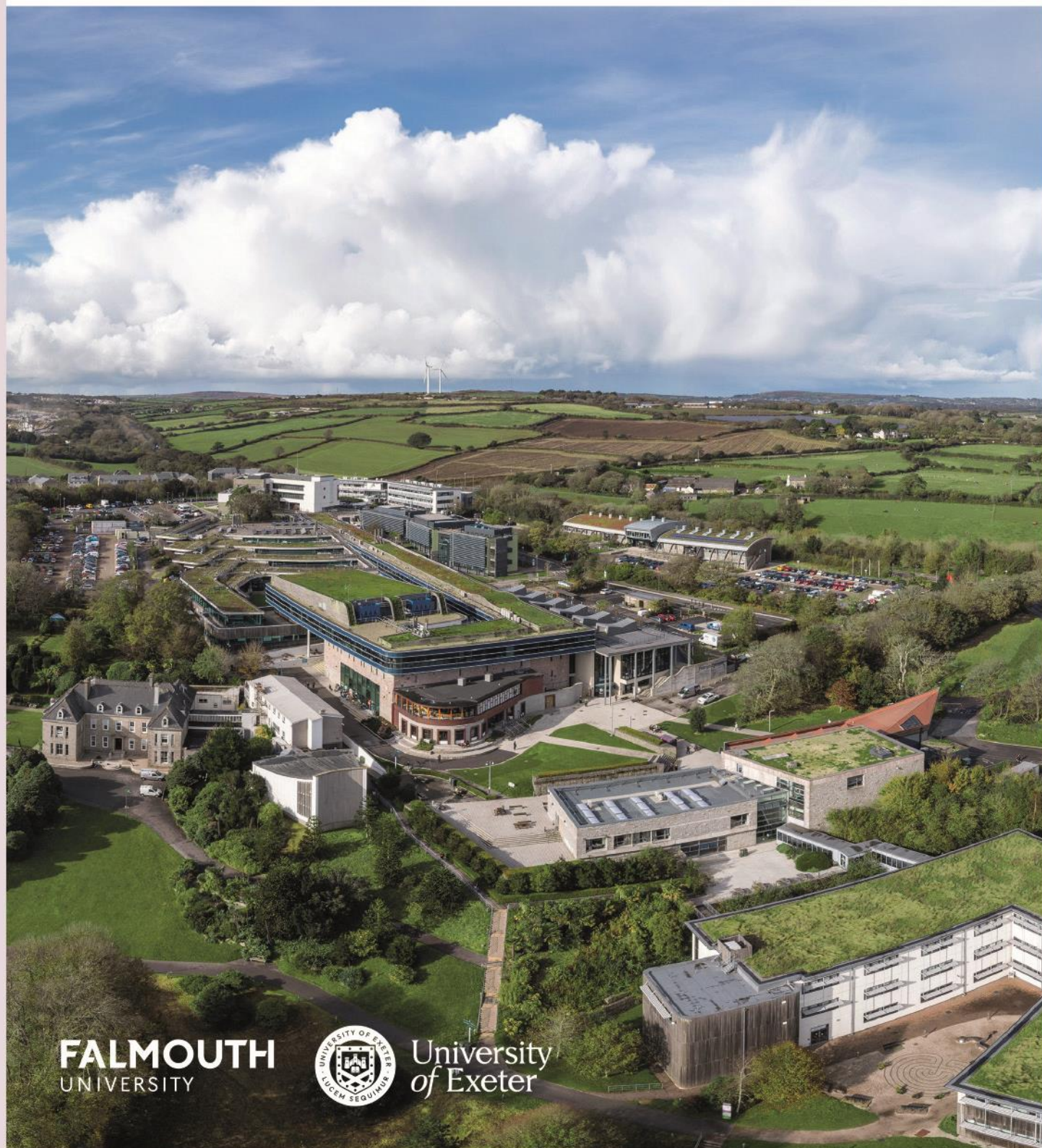


Falmouth
Exeter
Plus

A Company Limited by Guarantee
Registered number: 5103240

Consolidated Financial Statements

For the Year to 31 July 2022



FALMOUTH
UNIVERSITY



University
of Exeter

Falmouth Exeter Plus

Directors (as at date
of signing):

Andrew Connolly
Peter Cox
Amie Fulton
Victoria Gosling
Professor David Hosken
Professor Emma Hunt
Professor Minhua Eunice Ma
Paula Sanderson
Michael Shore-Nye

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:

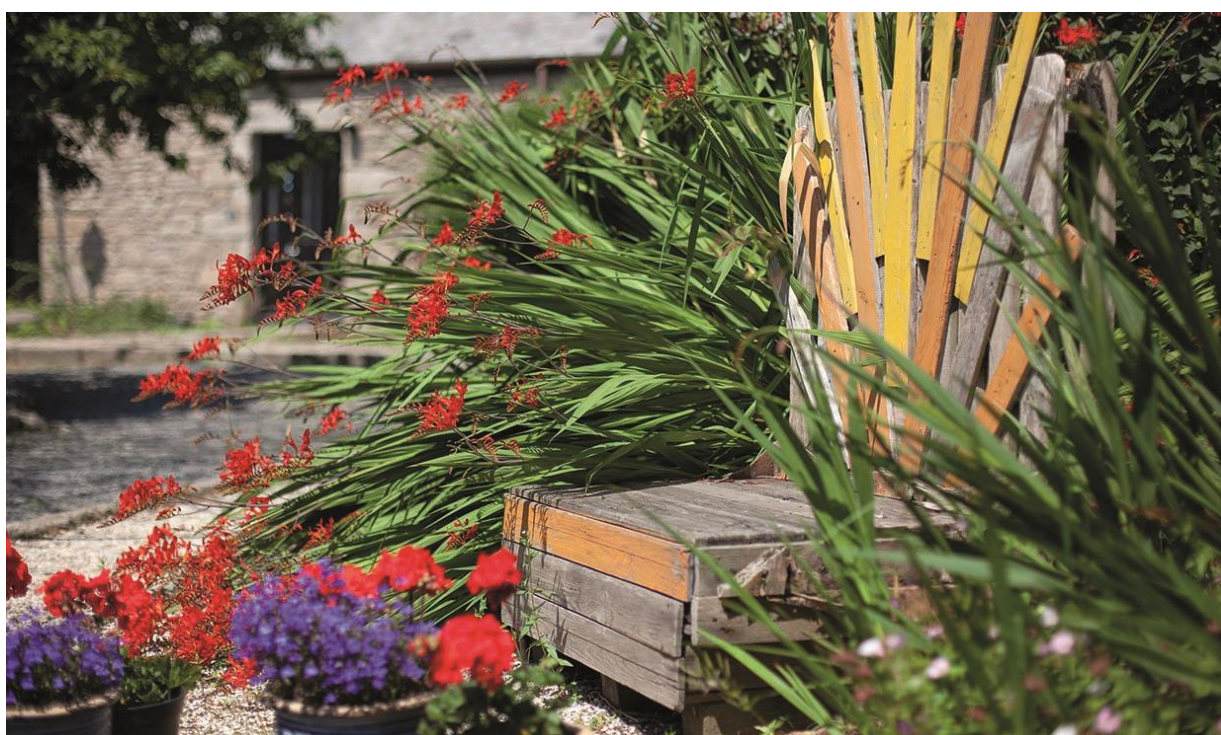
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3 Windsor Place
Cardiff
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Lloyds Bank plc
25 Monument Street
London
EC3R 8BQ

**Falmouth Exeter Plus
Consolidated Financial Statements
For the Year ended 31 July 2022**

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Falmouth Exeter Plus
Strategic Report (incorporating the Financial and Operating Review)
For the Year ended 31 July 2022

Managing Director's Introduction

Throughout 2021/22 Covid-19 has had an ever-diminishing profile, on our campuses and finances. That Covid challenge also led to innovation and new, flexible ways of working being embedded into campus life.

Alongside this, staff wellbeing has been recognised and supported with regular communication and several initiatives, including the first ever FX Festival which was full of talks, workshops and other activities for FX Plus and university staff to benefit from.

We were also able to celebrate several achievements including the IT team retaining and improving on a government-rated standard of Customer Service Excellence and a complete revamp of our website.

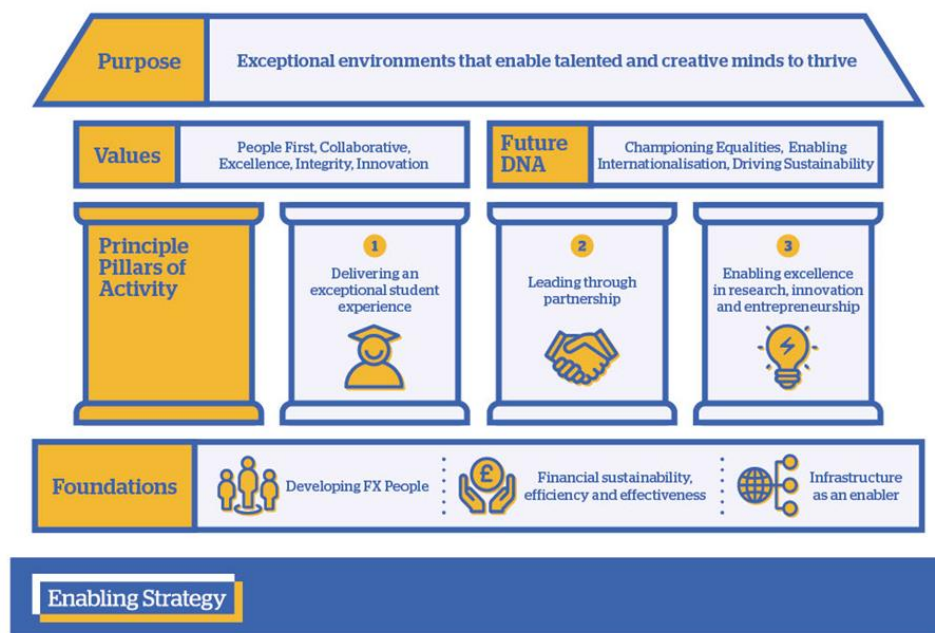
Our teams completed a raft of varied and valuable work to support sustainability (more detail below in the strategic report). This included retaining our International Green Flag award for Penryn Campus grounds and gardens; the launch of an ambitious responsible procurement strategy, which includes several sustainability requirements for our suppliers; installing of newer and more electric vehicle charging points and continuing to reduce energy consumption and associated greenhouse gas emissions by

- Installing LED lighting in the Daphne Du Maurier building
- Upgrading heating, ventilation and air conditioning control strategies on Penryn Campus
- Undertaking behavioural change measures targeted at all campus users, particularly through the Sustainability Week activities.
- Collaborating with Cornwall Council on sustainable and active travel programs including the installation of two e-bike stations on Penryn Campus, improved public transport services and plans to improve active travel infrastructure.
- Successfully launching a food waste collection program across our on-campus halls of residence.
- Supporting Falmouth University to gain two nominations for the UK Green Gown Awards.

Since taking up my role as Managing Director (in the summer of 2021), I have put in place an overarching enabling strategy for moving forwards.

The main headlines for this are:

- Delivering an exceptional student experience.
- Leading through Partnership.
- Enabling excellence in research, innovation and entrepreneurship.
- Developing FX people.
- Financial sustainability, efficiency and effectiveness and
- Infrastructure as an enabler.



Our incredible people underpin this work. A key employer in the region, Falmouth Exeter Plus employs more than 600 people and supports thousands of university staff and students on our campuses and remotely. This year has seen a refocusing on our people and staff engagement will become a real focus as we enter what is undoubtedly a tough financial year for all. We have already made significant progress, including a new leadership and engagement programme and the first ever FX Festival – celebrating the diverse contributions of the teams and bringing some incredible speakers to our campus. There is also an FX Plus wellbeing festival planned for the near future to further bring staff together and support resilience.

The first FX Festival had a clear focus on equality, diversity and inclusion (EDI) and, In the coming year, we will continue our work on ensuring that all staff are made to feel welcome and able to develop a sense of belonging. We have convened a cross-campus diversity forum, bringing together ideas from FX Plus, Falmouth University and the University of Exeter. The Board and Senior Executive Team (SET) are leading the way and recently undertook Bystander training which will be cascaded throughout the organisation this year.

Following consultation with students, staff and the wider community, we also created a dedicated Muslim prayer space with separate washing facilities for men and women. And to add to our commitment to encouraging an ever more beautifully diverse community we have introduced halal choices in the Stannary and are working on similar for the Penryn Campus Shop.

Looking forwards, this overarching strategy, care of our people and a recovery of finances will place us in a far more secure environment where we can focus on even better advising, supporting and adding value to our university partners' ambitions.

Paula Sanderson,
Falmouth Exeter Plus Managing Director.

Strategic Report (incorporating the Financial and Operating Review)

The Directors submit their report and the financial statements for the year ended 31 July 2022.

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 (AV) services;
- Supporting students with their wellbeing and welfare needs;
- Providing residential accommodation to students;
- Offering catering, retail and day nursery services to students and university staff;
- Making available subsidised transport and sporting facilities to students, the latter in partnership with The Students' 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 Penryn 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 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 2021/22 are shown below:

	£ (000)	£ (000)
Income		
Central Support, Estates, Library, IT and Student Services		
Income from Falmouth/UoE	19,582	
Commercial Services	15,090	
Investment Income	12	
		34,684
Expenditure		
Central Support, Estates, Library, IT and Student Services costs	(19,582)	
Commercial Services		
Staffing and other costs	(8,058)	
Interest	(1,442)	
Depreciation	(3,336)	
	(12,836)	
		(32,418)
Surplus for the year (exc pension costs)		2,266
Pension costs included in expenditure		(2,109)
Surplus for the year (inc pension costs)		157
Re-measurements in respect of Pension Scheme		22,488
Total comprehensive income for the year		22,645

The surplus for the year was £157K (2021/22 – deficit of £2,247K) including additional staffing and interest costs advised by the actuaries of £2,109K (2021/22 £1,649K) as part of the annual pension valuation.

Key Performance Indicators

With plans and targets set against this unusual background and with rent waivers passed onto the partners, financial performance was broadly in line with target, with the exception of external income targets which were affected by the pandemic.

KPI	Actual 2020/21	Target 2021/22	Actual 2021/22
EBITDA £m	2.8	5.3	5.3
Gross cost per FTE £	2,858	2,611	2,546
Liquidity days	18	46	31
% variance on profiled budget	2.9%	±5%	+4%

Other KPIs were reported to the Board during the year on a balanced scorecard approach through customer KPIs (largely National Student Survey (NSS) results), process KPIs (volumes and helpdesk numbers) and people KPIs (through staff engagement). These were mainly positive with some work to be done in relation to NSS results which are directly influenced by FX Plus.

Central Support, Estates, Facilities, IT, Library and Student Services

Services provided to the two institutions rose slightly in cost terms during the year due to inflation and backlog maintenance deferred from the previous year in response to Covid-19 expenditure.

Commercial Operations

Hospitality and Events remained subdued in the early parts of the year but steadily grew as Covid restrictions phased out. The Events team successfully delivered Falmouth's in person graduation for three years of students supporting more than 10,000 visitors to the Campus over five days.

In catering, the Food and Drink services were £1.1m down on income compared with pre Covid levels but were able to deliver a small trading surplus in the year for the first time in many years. Alongside this 75% of customers surveyed (1,100 responses) rated the services as very good or good.

During the year, the procurement team retendered 58 large contracts with a total value of £7.5m, introduced sustainability action plans as part of the overall tendering process and undertook an initial ISO20400 Sustainable Procurement audit being graded as having an established approach to sustainable procurement practises.

Sustainability

Global greenhouse gas (GHG) emissions and energy use data for period 1 August 2021 to 31 July 2022:

	Current reporting year 2022-2023		Comparison reporting year 2020-2021	
	UK and offshore	Global (excluding UK and offshore)	UK and offshore	Global (excluding UK and offshore)
Emissions from activities for which the company own or control including combustion of fuel & operation of facilities (Scope 1) / tCO ₂ e	2,279	0	3,106	0
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, location based) / tCO ₂ e	2,025	0	1,761	0
Total gross Scope 1 & Scope 2 emissions / tCO ₂ e	4,303	0	4,867	0
Energy consumption used to calculate above emissions: /MWh	21,550.84	0	25,191,040	0
Intensity ratio: tCO ₂ e (gross Scope 1 + 2) / m ² GIA	0.0486	0	0.0486	0

Methodology	GHG Reporting Protocol – Corporate Standard		GHG Reporting Protocol – Corporate Standard	
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Energy efficiency actions taken in the period is covered by the annual sustainability report and shows that the Company has undertaken the following actions to reduce energy consumption and associated GHG emissions:

- Installed LED lighting in the Daphne Du Maurier building;
- Upgraded heating, ventilation and air conditioning control strategies on Penryn Campus to enable optimisation;
- Undertaken behavioural change measures, particularly through the “Sustainability Week” initiative and activities included within.

Commercial Services

Trading income for the Group is shown in note 8 and shows a 16% increase (2020/21 – 13%) and reflects not only a return to more normal activity following the pandemic but also a successful year from conferencing and events.

Balance sheet

Fixed asset investments during the year of £2.2m included carbon projects (such as electric charging points, solar panels and LED lighting), IT network and firewall improvements and additional study beds in residences to increase capacity. Against this, the annual depreciation charge and transfer of some building improvement works to the two institutions led to an overall decrease in the value of fixed assets.

Net current liabilities were £3.9M (2020/21 - £5.9M) and the pension deficit decreased to £4.1M (2020/21 - £24.4M) as explained in note 17.

Cashflow and liquidity

At the year end the Group’s net cash balances were £2.3M (2020/21 - £1.4M) 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 Senior Executive Team (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 financial, cyber security, accommodation demand and supply, compliance with accessibility and staff recruitment and retention.

During the year the Board approved a new sign on/sign off process for risks and agreed mitigating actions to reduce the score for each of the strategic, operational, financial and corporate compliance risks facing the Group.

The overall position of risk remains steady however a small number of potentially high impact risks continue to be rising and are being monitored by SET and the risk owners.

The maturity of the risk management regime within FX Plus continues to increase with greater visibility of risks and mitigations allowing for focused decision making and prioritisation.

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.

Income increased by over 50% from the previous year due to summer conference and events activities during July 2022 and the final results for the year show a profit before tax of £348K (2020/21 - £198K), which has been donated under a gift aid agreement to the parent company FX Plus.

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.

Looking ahead

Planning for the new financial and academic year has been on the basis of a return to 'normal' life with students coming back to campus and providing face-to-face teaching and research.

SET Directors have an agreed list of cross functional strategic projects based on the 11 priority projects agreed with the Board along with a number of Directorate priorities.

Commercial Operations

- Hospitality and Events – the Hospitality team is continuing to develop new offerings including a sustainable/local produce menu and the Events Team has ambitious plans to attract more business to our campuses from outside organisations.
- Catering – While 75% of Food and Drink customers surveyed in 2022 (1100 responses) rated the services as very good or good, the team is developing more local and sustainable menus and is working in partnership with event organisers aiming to embed campus outlets as 'the' places to spend some time.
- The Procurement Team is improving the recently launched Responsible Procurement strategy in a bid to become a leader of best practice in the HE sector.

Estates

In the next two years the Estates Directorate will contribute to the transformation of the Estate through delivery of:

- Penryn Campus Masterplan - Site Development plan to facilitate the lifting of the student number cap and support each University to enable their 2030 strategies
- Falmouth University Estates Strategy – Estate development and optimisation to meet the requirements of the 2030 strategy including expansion across wider geographical area
- University of Exeter Cornwall Strategy - Estate development and optimisation to meet the requirements of the 2030 strategy including expansion of teaching and research facilities
- Accommodation strategy - strategy and delivery of student accommodation to meet the needs of the 2030 strategies including partnerships across other organisations such as the NHS
- Carbon Masterplan – carbon reduction programme to meet net zero targets
- Timetabling Review and System “Phase 2” design – Timetabling production improvement programme and system design
- Estates Service Improvement plan – data-led improvement plan including business process re-engineering and customer service improvements to enhance student and staff experience across our campuses.

IT & Digital Services

- Customer Service Excellence - following the Customer Service Excellence assessment held in March 2022, IT & Digital Services has retained and improved its Service Excellence Standard. This service excellence is now a cross cutting theme for all of our work. This includes work to constantly improve the student journey.
- Information Security - one of the most crucial areas of focus for 2022/23 is the continued adaptation of controls in place to react to the ever-changing threat landscape. This includes awareness and education campaigns for the hundreds of FX Plus and Falmouth University staff to keep them cyber safe in their work and domestic online lives.
- Developing people – we have planned specialist IT and digital training and apprenticeships for the IT & Digital services team and pilot events to enhance all FX Plus staff knowledge and to increase uptake of online resources for all.
- A large amount of work has also gone into two key projects, both of which were delivered on time:
- Implementing a new timetabling system.
- Making significant data changes to FX plus systems to support the Exeter Data Futures project.

These will lead to major improvements for users moving forwards.

Residences and Facilities (R&F)

- Accommodation Services support students in both university owned and managed accommodation and the private rented sector. We are currently developing a long-term accommodation strategy and short-term accommodation plan to ensure sufficient accommodation of the right standard, price and location for all our students.
- Security Services continue to keep our students and staff safe through both proactive and reactive services on campus. They play a key role in supporting student experience and wellbeing on campus. The recent launch of our SafeZone app has increased connective and response with the campus community.
- Our Sports team are focusing on ensuring our service are accessible to as many students and staff as possible. This recently included the introduction of a referral scheme to support students who may benefit from increased engagement.
- Facilities Management continue to support campus activities and ensure a clean, safe and productive environment for our staff and students. They continue to implement our environmental compliancy plans and recycling initiatives. A campus wide bio-diversity plan is being developed alongside colleague in sustainability.

Student & Library Services (S&LS)

- Continued work to improve the visibility of support and students' access to it, whilst retaining the quality the service is known for. In addition to services, Drop-in appointments are being available addressing wait time concerns. The service has also launched a 24/7 Student Helpline and connected direct access to online talking therapies (with external partner, Spectrum Life). The Helpline assists students to address small issues quickly, and self-referral for therapy will further reduce wait times and enable the in-house team to co-ordinate care for those most in need.
- Support for student learning is being expanded in capacity and visibility, through the launch of an in-person Study Hub based at Penryn Library (mirroring the online resources). This integrates study, information literacy and research and language skills in a highly accessible student-friendly location.
- S&LS Support teams are also making significant progress in linking effectively with local NHS services, participating in weekly case reviews with the local psychiatry and primary care teams. This is leading to much more joined up care and better access to specialist support for students.
- A significant piece of work is also being carried out to support targeted groups such as those with disabilities, international students and students and staff of faith. This includes developing resources and support for students with ADHD (diagnosed or undiagnosed); continuing development of an Autism and Uni toolkit, improving buddy support for disabled students (using in-house teams), supporting intercultural cafés on campus and developing support for students and staff from minority faith groups.

Plus

- **People** - we are embedding a culture of passion, pace and performance across all areas while also investing in both technical and non-technical professional development.
- **Sustainability** – continuing with the implementation of projects across a series of work streams. Key focuses are on reducing our energy emissions, embedding sustainability into our procurement process, integrating sustainability into our campus masterplan and enhancing student experience through communications, travel and biodiversity.

A program board has now been set up to support the development, delivery and monitoring of these projects and a full range of project initiation documents are currently being drafted which will start to more fully scope these areas of business change.

The Cross Directorate priority projects are:

Governance Review: An independent Governance Review is being undertaken by Patrick Dunne. The approach to the review is flexible and is supported by a well-established framework for reviewing board effectiveness against the characteristics of high performing boards. This is focused on three dimensions "Purpose", "People" and "Process". This will be achieved through running a session with FX Plus Board members on "Characteristics of High Performing Boards" and holding 1:1 interviews. Recommendations including a training session will be provided during November.

Accommodation Strategy: Separated into two projects is the development of a short term (1-3 years) and long term (3 years plus) Accommodation Strategy to look at how we meet the demand for student accommodation against the projected university growth. This is about ensuring there are sufficient beds at the right quality and price in term for the next 10 years that meet the needs of an increasingly diverse student body.

The **Partnership Wellbeing Programme** continues into another year and exists to promote student and staff mental health through creating a mentally healthy campus

community; reducing loneliness and isolation; co-developing mental health improvements with students; improving support services; addressing gender based violence and the intersectional aspects of mental health; and working to optimise the accommodation and campus environment for mental wellbeing. The Programme links closely to work being undertaken in both Universities to implement the University Mental Health Charter principles of good practise.

Phase 1 of the **Cost and Service Model** has been complete which has enabled more transparency and greater understanding over the costs of services delivered by FX Plus including understanding the different cost drivers against each of the service definitions. The services were then benchmarked against comparator universities. Work is underway to carry out the same exercise for the 2022/23 budget and will assist in identifying how strategic priorities can be achieved by utilising limited resources.

The **Student Journey project** has a mission to understand, assure and enhance the student journey across our partnership delivery pathways through the continual cycle of; process discovery, analysis and change, focused on a set of agreed core processes and milestone activities which are on the critical path for realising a successful student outcome. Linking to our cost and service model and working in synergy with the service excellence project, it will look to maximise value to our student's journey while promoting exceptional standard of service excellence.

Customer Service Excellence. FX Plus provides a range of customer (student, staff and external) touchpoints and handles a high volume of transactions via a number of different channels both physical and digitally. These processes service a variety of different 'Customer types' who will all have their own expectations of what we do and the services we deliver. However, we currently do not have a detailed understanding of our customers or their expectations. There is currently no consistent approach to tone of voice and customer expectation management. Little insight exists in relation to how customers want to interact with us and what levels of service they require. This makes it difficult to determine what customer excellence needs to be across FX Plus if we use the premise that Customer Excellence is meeting and exceeding customers' requirements. The aim of this project is to therefore design and drive a consistent and highly impactful customer services approach across all FX Plus customer transactions and channels which align to and exceed our customers' needs and requirements.

The Management Accounting Reporting and Accountability (MARA) project will improve alignment between strategic priorities and budget use, and deliver a more consistent approach to budget management, including responding to financial risks and opportunities, across FX Plus. Its purpose is to improve FX Plus operations by enhancing the quality of financial information in support of decision-making. Comprised of two parts, financial reporting to FXP Managing Director/SET level, and reporting to Board and sub-Committees, the project will review multi-year business planning processes; budget profiling; reporting of actuals; and processes to support review and action planning in light of forecast outturn updates.

Culture and Behavioural Competencies. Whilst FX Plus has a vision and values in place, there is not currently a set of defined behavioural expectations and this project will deliver a set of behaviours that can be embedded into job description, evaluation and link into PDRs, training and development. This will ensure staff are aware of the expectations on them and will assist managers in managing performance and behaviour issues.

The development of a **Campus Masterplan** continues which will provide a development framework to respond to University strategic needs. The ambition for the masterplan in particular is ensure its legal adoption by the local authority and therefore the outcomes of

the application may become significant anchor points for the campus development across the course of the next 10-15 years.

Conclusion

While we continue the work of keeping our campuses welcoming and people safe, currently set against a national backdrop of financial uncertainty, each director's enabling plans contain ambitious goals for us to move forward as an organisation. We have weathered the Covid storm, produced some innovative ways of working and are looking to a future of offering exceptionally high standard services and support and expert advice to our partner universities, staff and students and other campus users.

By Order of the Board

Peter Cox
Chair

Date: 26 October 2022

**Falmouth Exeter Plus
Directors' Report
For the Year ended 31 July 2022**

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 surplus for the year was £157,000 (2020/21 - deficit £2,247,000). For further details on the results for the year see the analysis contained in the Strategic Report on page 4.

Directors

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

Andrew Connolly
Peter Cox
Amie Fulton
Victoria Gosling
Professor David Hosken
Professor Emma Hunt (appointed 1 September 2022)
Professor Minhua Eunice Ma (appointed 5 September 2022)
Paula Sanderson
Justin Scott (resigned 31 August 2022)
Michael Shore-Nye (appointed 1 September 2022)

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 group and company will have sufficient funds, through funding from the members (Falmouth University and University of Exeter) to meet its liabilities as they fall due for that period. The members are committed to continuing to make available such funds as are needed by the group and company under the terms of the members' agreement.

**Falmouth Exeter Plus
Directors' Report
For the Year ended 31 July 2022**

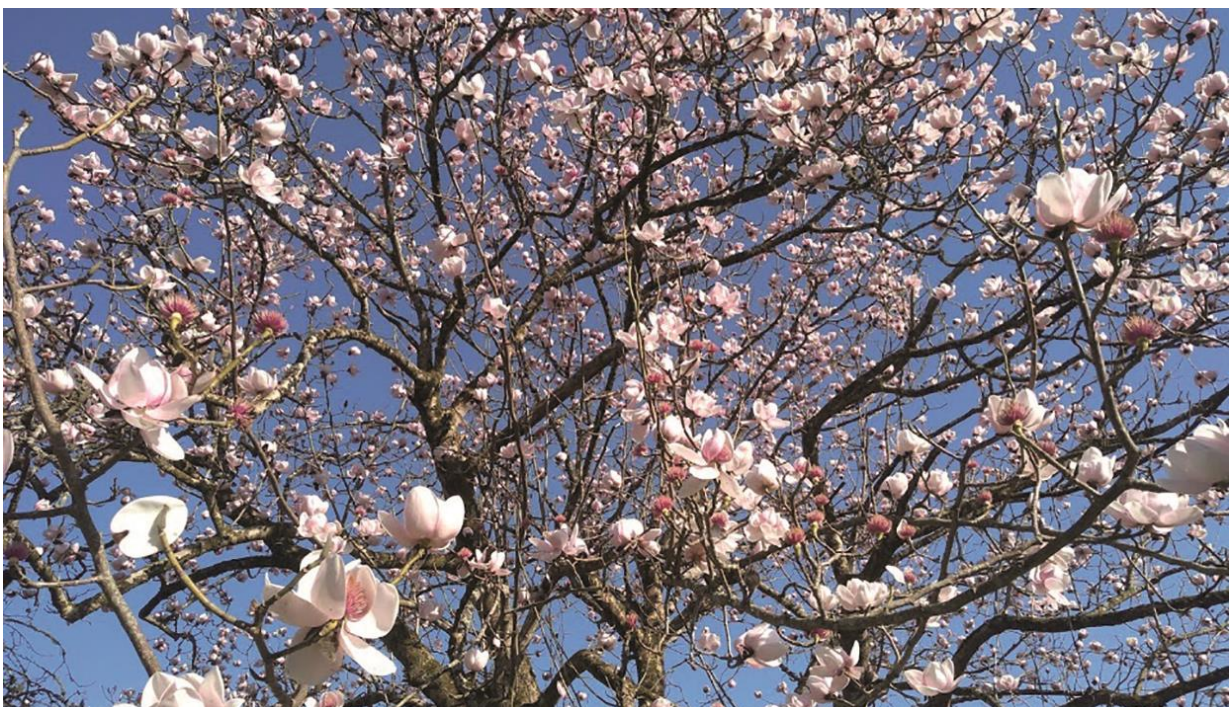
The members each guarantee 50% of the company's bank loans. Both members have addressed their covenant requirements and Falmouth University obtained credit committee approval for a covenant amendment from Lloyds bank prior to the balance sheet date to prevent a breach occurring when the audited 2021/22 accounts are submitted to the bank.

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.

By Order of the Board

Peter Cox
Chair

Date: 26 October 2022



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”).

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 2021/22, 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. This required more regular input from the Chair due to the vacant Managing Director post who met regularly with SET throughout the period to assist with day-to-day management issues. The new Partnership Co-ordination Group was also a weekly forum which discussed operational and planning issues.

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 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.

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.

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 is directly responsible to the Board and there was no change to the schedule of powers delegated to the MD in the accounting period. However, in the absence of an MD being in post, SET Directors were 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.

SET comprises the list of staff below. They met monthly during the accounting period with more regular weekly meetings, as required, to meet operational demands.

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

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 (or Chair in the absence of 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.

Peter Cox
Chair

Date: 26 October 2022

Statement of Responsibilities of the Directors of Falmouth Exeter Plus

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 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 the group's 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 2022 which comprise the consolidated and company statement of comprehensive income, consolidated and company statement of changes in equity, consolidated and company balance sheets, consolidated cash flow 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 2022 and of the group's surplus 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 a year from the date of approval of the financial statements ("the going concern period").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the group or the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Board, the audit committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals containing key words, journal entries made to unrelated accounts, journal entries posted to accounts containing significant estimates and period-end adjustments, journals posted to accounts linked to a fraud risk, and unexpected journals posted to cash and borrowings.
- Inspecting transactions relating to revenue in the period prior to and following 31 July 2022 by verifying revenue had been recognised in the correct accounting period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation) and pensions legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events

and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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 16, 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.

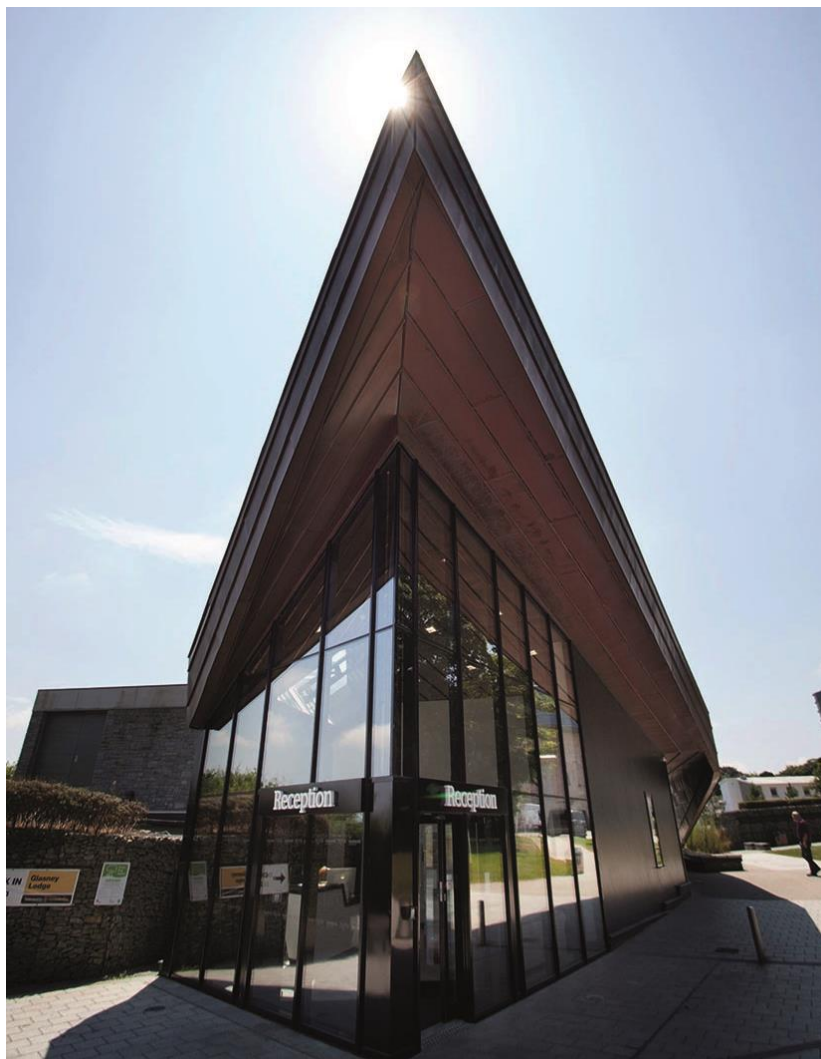
The purpose of our audit work and to whom we owe our responsibilities

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.

Jonathan Brown (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



Falmouth Exeter Plus
Consolidated and Company
Statement of Comprehensive Income
For the Year ended 31 July 2022

	Note	Year to 31/7/22 Group £ (000)	Year to 31/7/22 Company £ (000)	Year to 31/7/21 Group £ (000)	Year to 31/7/21 Company £ (000)
Income					
Operating Income	2	34,673	33,982	31,463	30,973
Investment Income	3	12	12	3	3
Total Income		34,685	33,994	31,466	30,976
Expenditure					
Cost of Sales	4	1,393	874	1,111	813
Staff Costs	5	15,005	14,862	14,215	14,098
Other Operating Expenses	6	12,948	12,919	13,225	13,150
Depreciation	9	3,336	3,336	3,376	3,376
Interest Payable	7	1,846	1,846	1,784	1,784
Total Expenditure		34,528	33,837	33,711	33,221
Surplus/(Deficit) before other Gains and Losses		157	157	(2,245)	(2,245)
Losses on Disposal of Fixed Assets		-	-	(2)	(2)
Surplus/(Deficit) on Continuing Operations Before and After Tax		157	157	(2,247)	(2,247)
Surplus/(Deficit) for the Year		157	157	(2,247)	(2,247)
Actuarial gain/(loss) in respect of pension scheme		22,488	22,488	(3,525)	(3,525)
Total comprehensive income for the year		22,645	22,645	(5,772)	(5,772)
Represented by					
Unrestricted comprehensive income for the year		22,645	22,645	(5,772)	(5,772)

All items of income and expenditure relate to continuing activities.

The accompanying notes on pages 26 to 42 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 2022

Group

	Income & Expenditure Account <i>Unrestricted</i> £ (000)	Revaluation reserve £ (000)	Total £ (000)
Balance at 1 August 2021	(11,996)	26,909	14,913
Deficit from the income and expenditure statement	(2,247)	-	(2,247)
Other comprehensive income	(3,525)	-	(3,525)
Transfers between revaluation and income and expenditure reserve	519	(519)	-
Balance at 31 July/ 1 August 2021	(17,249)	26,390	9,141
Surplus from the income and expenditure statement	157	-	157
Other comprehensive income	22,488	-	22,488
Transfers between revaluation and income and expenditure reserve	519	(519)	-
Balance at 31 July 2022	5,915	25,871	31,786

Company

	Income & Expenditure Account <i>Unrestricted</i> £ (000)	Revaluation reserve £ (000)	Total £ (000)
Balance at 1 August 2021	(11,967)	26,909	14,942
Deficit from the income and expenditure statement	(2,247)	-	(2,247)
Other comprehensive income	(3,525)	-	(3,525)
Transfers between revaluation and income and expenditure reserve	519	(519)	-
Balance at 31 July/ 1 August 2021	(17,220)	26,390	9,170
Surplus from the income and expenditure statement	157	-	157
Other comprehensive income	22,488	-	22,488
Transfers between revaluation and income and expenditure reserve	519	(519)	-
Balance at 31 July 2022	5,944	25,871	31,815

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 26 to 42 form an integral part of the financial statements.

Falmouth Exeter Plus
Balance Sheets as at 31 July 2022

		Group 2022 £ (000)	Company 2022 £ (000)	Group 2021 £ (000)	Company 2021 £ (000)
	Note				
Fixed Assets					
Tangible Assets	9	75,305	75,305	78,079	78,079
Investment Assets	10	-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		75,305	75,305	78,079	78,079
Current Assets					
Stock	11	158	158	123	123
Trade and other receivables	12	1,341	1,284	1,288	1,081
Cash and cash equivalents		2,340	2,141	1,362	1,305
		<hr/>	<hr/>	<hr/>	<hr/>
		3,839	3,583	2,773	2,509
		<hr/>	<hr/>	<hr/>	<hr/>
Creditors - amounts falling due within one year	13	(7,702)	(7,417)	(8,680)	(8,387)
		<hr/>	<hr/>	<hr/>	<hr/>
Net Current Liabilities		(3,863)	(3,834)	(5,907)	(5,878)
		<hr/>	<hr/>	<hr/>	<hr/>
Total Assets less Current Liabilities		71,442	71,471	72,172	72,201
		<hr/>	<hr/>	<hr/>	<hr/>
Creditors - amounts falling due after more than one year	14	(35,604)	(35,604)	(38,600)	(38,600)
		<hr/>	<hr/>	<hr/>	<hr/>
Provisions					
Pension Provision	17	(4,052)	(4,052)	(24,431)	(24,431)
		<hr/>	<hr/>	<hr/>	<hr/>
Total Net Assets		31,786	31,815	9,141	9,170
		<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted Reserves					
Income and Expenditure Reserve- unrestricted		5,915	5,944	(17,249)	(17,220)
Revaluation Reserve		25,871	25,871	26,390	26,390
		<hr/>	<hr/>	<hr/>	<hr/>
Total Reserves		31,786	31,815	9,141	9,170
		<hr/>	<hr/>	<hr/>	<hr/>

The financial statements on pages 22 to 42 were approved by the Board of Directors on 26 October 2022

Peter Cox
Chair

Amie Fulton
Deputy Chair

The accompanying notes on pages 26 to 42 form an integral part of the financial statements.

Falmouth Exeter Plus
Consolidated Cash Flow Statement
For the Year ended 31 July 2022

	Year to 31/7/22 £ (000)	Year to 31/7/21 £ (000)
Cash flow from operating activities		
Surplus/(Deficit) for the year	157	(2,247)
Adjustment for non-cash items		
Depreciation	3,336	3,376
(Increase)/Decrease in stock	(35)	6
(Increase)/Decrease in debtors	(53)	792
(Decrease)/Increase in creditors	(1,296)	2,575
Increase in pension provision	1,705	1,370
Loss on disposal of fixed assets	-	2
Adjustment for investing or financing items		
Investment income	(12)	(3)
Interest payable	1,846	1,784
Net cash inflow from operating activities	<u>5,648</u>	<u>7,655</u>
Cash flow from investing activities		
Proceeds from sale of fixed assets	1,604	-
Payments made to acquire fixed assets	<u>(1,950)</u>	<u>(1,779)</u>
	(346)	(1,779)
Cash flows from financing activities		
Investment income	12	3
Interest paid	(1,283)	(1,384)
Interest element of finance lease	(130)	(130)
Repayment of amounts borrowed	(2,583)	(2,496)
Capital element of finance lease	<u>(326)</u>	<u>(293)</u>
	<u>(4,310)</u>	<u>(4,300)</u>
Increase in cash and cash equivalents in the year	992	1,576
Cash and cash equivalents at the beginning of the year	1,322	(254)
Cash and cash equivalents at the end of the year	<u><u>2,314</u></u>	<u><u>1,322</u></u>

The accompanying notes on pages 26 to 42 form an integral part of the financial statements.

Falmouth Exeter Plus
Notes to the Consolidated Financial Statements
For the Year ended 31 July 2022

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 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 2022

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, including the impact of Covid-19, the group and company will have sufficient funds, through funding from the members (Falmouth University and University of Exeter) to meet its liabilities as they fall due for that period. The members are committed to continuing to make available such funds as are needed by the group and company under the terms of the members' agreement.

The members each guarantee 50% of the company's bank loans. Both members have addressed their covenant requirements and Falmouth University obtained credit committee approval for a covenant amendment from Lloyds bank prior to the balance sheet date to prevent a breach occurring when the audited 2021/21 accounts are submitted to the bank.

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.



Falmouth Exeter Plus
Notes to the Consolidated Financial Statements
For the Year ended 31 July 2022

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.

Falmouth Exeter Plus
Notes to the Consolidated Financial Statements
For the Year ended 31 July 2022

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.

Falmouth Exeter Plus
Notes to the Consolidated Financial Statements
For the Year ended 31 July 2022

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	Company	Group	Company
	31/7/22	31/7/22	31/7/21	31/7/21
	£ (000)	£ (000)	£ (000)	£ (000)
Central Support Services	1,015	1,015	197	197
Estates Services	10,973	10,973	10,524	10,524
Library, IT and Student Services	7,595	7,595	7,786	7,786
Campus Services (note 8)	15,090	14,051	12,956	12,268
Gift Aid	-	348	-	198
	<u>34,673</u>	<u>33,982</u>	<u>31,463</u>	<u>30,973</u>

3. **Interest receivable**

	Group	Company	Group	Company
	31/7/22	31/7/22	31/7/21	31/7/21
	£ (000)	£ (000)	£ (000)	£ (000)
Bank deposit interest	<u>12</u>	<u>12</u>	<u>3</u>	<u>3</u>

Falmouth Exeter Plus
Notes to the Consolidated Financial Statements
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4. Cost of sales

	Group	Company	Group	Company
	31/7/22	31/7/22	31/7/21	31/7/21
	£ (000)	£ (000)	£ (000)	£ (000)
Material Purchases	1,393	874	1,111	813

5. Staff costs

	Group	Company	Group	Company
	31/7/22	31/7/22	31/7/21	31/7/21
	£ (000)	£ (000)	£ (000)	£ (000)
Wages and Salaries	10,852	10,709	10,419	10,302
Social Security Costs	1,028	1,028	958	958
Other Pension Costs	3,125	3,125	2,838	2,838
	<u>15,005</u>	<u>14,862</u>	<u>14,215</u>	<u>14,098</u>

5. Staff costs (continued)

Average Staff Numbers (FTEs) by Major Category:

Group and Company	31/7/22	31/7/21
Management	12	2
Estates and facilities	160	168
Library, IT and Student Services	124	131
Campus Services	62	67
	<u>358</u>	<u>368</u>

Directors' remuneration

Group and Company

	31/7/22	31/7/21
	£ (000)	£ (000)
Aggregate Remuneration	203	70
Pension Contributions	20	6
	<u>223</u>	<u>76</u>

Two Directors within the Group are accruing benefits under the company's defined benefit pension scheme. The highest paid director received remuneration of £132K (2020/21: £73k). The value of the Company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £13k (2020/21: £4K). 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
	31/7/22	31/7/22	31/7/21	31/7/21
	£ (000)	£ (000)	£ (000)	£ (000)
General Office Costs	473	466	442	430
Marketing & Promotions	30	26	46	42
Heat, Light, Rates & Water	3,284	3,284	2,828	2,828
Other Premises Costs	6,194	6,194	6,416	6,416
IT Costs	1,266	1,245	1,267	1,262
Library & Learning Resource Costs	348	348	347	347
Insurance	290	290	325	325
External Audit Fees	39	32	40	30
Internal Audit Fees	13	13	14	14
Bad Debts	(62)	(32)	66	30
Other Professional Fees	1,073	1,053	1,434	1,426
	<u>12,948</u>	<u>12,919</u>	<u>13,225</u>	<u>13,150</u>

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7. Interest payable

	Group	Company	Group	Company
	31/7/22	31/7/22	31/7/21	31/7/21
	£ (000)	£ (000)	£ (000)	£ (000)
On bank overdraft and loans	1,377	1,377	1,418	1,418
On Finance Leases	65	65	87	87
Pension Finance Cost (note 17)	404	404	279	279
	<u>1,846</u>	<u>1,846</u>	<u>1,784</u>	<u>1,784</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
	31/7/22	31/7/22	31/7/21	31/7/21
	£ (000)	£ (000)	£ (000)	£ (000)
Retail	1,122	1,122	565	565
Catering & Bar	685	685	29	29
Residences	11,039	11,039	10,893	10,893
Nursery	715	715	526	526
Fitness Centre	335	335	177	177
Reprographics	155	155	78	78
Campus and Commercial Events	1,039	-	688	-
	<u>15,090</u>	<u>14,051</u>	<u>12,956</u>	<u>12,268</u>

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 2021	27	88,211	2,899	9,695	100,832
Additions for the Year	1,738	123	-	305	2,166
Disposals for the Year	-	(3,054)	-	(5)	(3,059)
Transfers	(4)	-	-	4	-
C/f as at 31 July 2022	<u>1,761</u>	<u>85,280</u>	<u>2,899</u>	<u>9,999</u>	<u>99,939</u>
Depreciation					
B/f as at 1 August 2021	-	12,771	2,466	7,516	22,753
Charge for the Year	-	2,156	145	1,035	3,336
Depreciation on Disposals	-	(1,450)	-	(5)	(1,455)
C/f as at 31 July 2022	<u>-</u>	<u>13,477</u>	<u>2,611</u>	<u>8,546</u>	<u>24,634</u>
Net book value					
As at 31 July 2021	<u>27</u>	<u>75,440</u>	<u>433</u>	<u>2,179</u>	<u>78,079</u>
As at 31 July 2022	<u>1,761</u>	<u>71,803</u>	<u>288</u>	<u>1,453</u>	<u>75,305</u>

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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 2021	27	88,211	2,899	9,675	100,812
Additions for the Year	1,738	123	-	305	2,166
Disposals for the Year	-	(3,054)	-	(5)	(3,059)
Transfers	(4)	-	-	4	-
C/f as at 31 July 2022	1,761	85,280	2,899	9,979	99,919
Depreciation					
B/f as at 1 August 2021	-	12,771	2,466	7,496	22,733
Charge for the Year	-	2,156	145	1,035	3,336
Depreciation on Disposals	-	(1,450)	-	(5)	(1,455)
C/f as at 31 July 2022	-	13,731	2,611	8,526	24,614
Net book value					
As at 31 July 2021	27	75,440	433	2,179	78,079
As at 31 July 2022	1,761	71,803	288	1,453	75,305

The cumulative amount of interest capitalised at 31 July 2022 was £1,011,000 (2021: £1,011,000).

Land and buildings were previously 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 were 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 did 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.

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11. Stock

	Group 2022 £ (000)	Company 2022 £ (000)	Group 2021 £ (000)	Company 2021 £ (000)
Shop	111	111	93	93
Refectory	25	25	11	11
Bar	8	8	4	4
Other	14	14	15	15
	158	158	123	123

12. Trade and other receivables

	Group 2022 £ (000)	Company 2022 £ (000)	Group 2021 £ (000)	Company 2021 £ (000)
Trade Debtors	544	439	704	399
Bad Debt Provision	(212)	(212)	(294)	(258)
Amounts Owed by Group Undertakings	-	103	-	155
Amounts Owed by Related Undertakings - Falmouth University	217	217	-	-
Other Debtors	65	10	115	22
Prepayments & Accrued Income	727	727	763	763
	1,341	1,284	1,288	1,081



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13. Creditors - amounts falling due in one year

	Group 2022 £ (000)	Company 2022 £ (000)	Group 2021 £ (000)	Company 2021 £ (000)
Bank Overdraft	26	26	40	40
Bank Loans	2,642	2,642	2,567	2,567
Finance Lease Commitments due in One Year	402	402	390	390
Amounts Owed to Related Undertakings -				
University of Exeter	328	328	692	692
Falmouth University	-	-	695	695
Trade Creditors	1,227	1,189	1,664	1,648
Other Taxation and Social Security	458	458	351	351
Other Creditors	228	228	266	266
Accruals	2,391	2,144	2,015	1,738
	<u>7,702</u>	<u>7,417</u>	<u>8,680</u>	<u>8,387</u>

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

	Group and Company 2022 £ (000)	2021 £ (000)
Not wholly repayable within five years:		
Bank Loan 1	11,002	11,843
Bank Loan 2	8,311	8,753
Bank Loan 3	12,361	13,171
Bank Loan 4	3,584	4,149
Finance Lease Commitments after One Year	346	684
	<u>35,604</u>	<u>38,600</u>

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

	Group and Company 2022 £ (000)	2021 £ (000)
Amounts repayable on loans:		
In one year or less	2,642	2,567
In more than one year but not more than two years	2,721	2,642
In more than two years but not more than five years	8,682	8,414
In more than five years	23,855	26,860
	<u>37,900</u>	<u>40,483</u>

	Group and Company Amount £ (000)	Term	Interest rate %
Lloyds Bank plc (loan 1)	11,843	2032	5.8875
Lloyds Bank plc (loan 2)	8,753	2036	5.215
Barclays Bank plc (loan 3)	13,172	2038	Sonia plus lending margin and spread
European Investment Bank (loan 4)	1,500	2027	2.24% plus lending margin and costs
Lloyds Bank plc (loan 4)	2,632	2031	2.0887%
	<u>37,900</u>		

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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	
	2022	2021
	£ (000)	£ (000)
Amounts repayable on finance leases:		
In one year or less	402	390
In more than one year but not more than two years	414	402
In more than two years but not more than five years	-	414
Less future finance charges	(68)	(132)
	<u>748</u>	<u>1,074</u>

15. Cash and cash equivalents

Group

	At 1 Aug 2021	Cashflows	At 31 July 2022
	£ (000)	£ (000)	£ (000)
Cash and cash equivalents	1,362	978	2,340
Overdraft	(40)	14	(26)
Total	<u>1,322</u>	<u>992</u>	<u>2,314</u>

16. Consolidated reconciliation of net debt

	31 July 2022
	£ (000)
Net debt 1 August 2021	(40,235)
Movement in cash and cash equivalents	(978)
Other non cash changes	4,879
Net debt 31 July 2022	(36,334)
Change in net debt	<u>3,901</u>

Analysis of net debt:	31 July 2022	31 July 2021
	£ (000)	£ (000)
Cash and cash equivalents	2,340	1,362
Borrowings: amounts falling due within one year		
Secured loans	(2,642)	(2,567)
Bank Overdraft	(26)	(40)
Obligations under finance leases	(402)	(390)
	<u>(3,070)</u>	<u>(2,997)</u>
Borrowings: amounts falling due after more than one year		
Secured loans	(35,258)	(37,916)
Obligations under finance leases	(346)	(684)
	<u>(35,604)</u>	<u>(38,600)</u>
Net debt	<u>(36,334)</u>	<u>(40,235)</u>

Falmouth Exeter Plus
Notes to the Consolidated Financial Statements
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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 2021
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 2021 and updated to 31 July 2022 by a qualified independent actuary. The major assumptions used by the actuary were:

	31 Jul 2022	31 Jul 2021	31 Jul 2020
	% pa	% pa	% pa
Inflation (CPI)	2.7	2.8	2.1
Rate of increase in salaries payment	2.7	2.8	2.1
Rate of increase in pension	2.7	2.8	2.1
Discount rate	3.5	1.6	1.4

The assumed life expectancy is:

	Males	Females
Current pensioners	21.3 years	23.9 years
Future pensioners	22.5 years	25.6 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 2022	Assets at 31 July 2022	Long-term rate expected 31 July 2021	Assets at 31 July 2021	Long-term rate expected 31 July 2020	Assets at 31 July 2020
	%	£(000)	%	£(000)	%	£(000)
Equities	3.5	17,550	1.6	17,912	1.4	14,349
Bonds	3.5	12,252	1.6	11,313	1.4	10,097
Property	3.5	2,649	1.6	1,886	1.4	1,594
Cash	3.5	662	1.6	314	1.4	531
Estimated employer's share of scheme assets		33,113		31,425		26,571
Present value of scheme liabilities		(37,165)		(55,856)		(45,828)
Net pension liability		(4,052)		(24,431)		(19,257)

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

	2022 £(000)	2021 £(000)
Current service cost	2,813	2,618
Total operating charge	2,813	2,618

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

	2022 £(000)	2021 £(000)
Expected return on pension scheme assets	511	381
Interest on pension scheme liabilities	(915)	(660)
Net charge	(404)	(279)

Amount recognised in Other Comprehensive Income (OCI)

	2022 £(000)	2021 £(000)
Actuarial gain/(loss) recognised in OCI in the year	22,488	(3,525)
Cumulative actuarial loss in OCI at 1 August	(15,327)	(11,802)
Cumulative actuarial gain/(loss) in OCI at 31 July	7,161	(15,327)

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Reconciliation of defined benefit obligation

	2022	2021
	£(000)	£(000)
Opening defined benefit obligation	55,856	45,828
Current service cost	2,813	2,618
Interest cost	915	660
Contributions by members	320	352
Remeasurements	(22,368)	6,650
Losses on curtailments	-	35
Estimated benefits paid	(371)	(287)
Closing defined benefit obligation	37,165	55,856

Reconciliation of fair value of employer assets

	2022	2021
	£(000)	£(000)
Opening fair value of employer assets	31,425	26,571
Expected return on assets	511	381
Contributions by members	320	352
Contributions by the employer	1,108	1,283
Remeasurements	120	3,125
Assets acquired	-	-
Benefits paid	(371)	(287)
Closing fair value of employer assets	33,113	31,425

An experience item has been recognised in respect of expected increases to pensions which are due to be granted at 1 April 2023, based on the expectations of the 2023 Pension Increase Order, with an impact of £1.8m on the defined benefit obligation.

History of experience gains and losses

	Year to	Year to	Year to	Year to	Year to
	31 July	31 July	31 July	31 July	31 July
	2022	2021	2020	2019	2018
	£(000)	£(000)	£(000)	£(000)	£(000)
Difference between the expected and actual return on assets	120	3,125	437	1,614	939
Value of assets	33,113	31,425	26,571	24,042	20,152
Percentage of assets	0.4%	9.9%	1.6%	6.7%	4.7%
Experience gains on liabilities	22,368	(6,650)	(6,790)	(3,682)	779
Present value of liabilities	37,165	55,856	45,828	35,407	28,156
Percentage of the present value of liabilities	60.2%	(11.9%)	(14.8%)	(10.4%)	2.8%
Actuarial gains recognised in OCI	24,273	(3,525)	(6,353)	(2,068)	1,718
Present value of liabilities	37,165	55,856	45,828	35,407	28,156
Percentage of the present value of liabilities	65.3%	(6.3%)	(13.9%)	(5.8%)	6.1%
Deficit brought forward	(24,431)	(19,257)	(11,365)	(8,004)	(8,190)
Movement	20,379	(5,174)	(7,892)	(3,361)	186
Deficit carried forward	(4,052)	(24,431)	(19,257)	(11,365)	(8,004)

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Pension scheme – USS

The total cost charged to the Statement of Comprehensive Income is £26K (2021: £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 2020 ("the valuation date"), which was carried out using the projected unit method.

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 2020 valuation was the sixth 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 £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles:

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post retirement: 1.00% 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 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

2020 valuation

Mortality base table 101% of S2PMA "light" for males and 95% of S3PFA for females

Future improvements to mortality CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

The current life expectancies on retirement at age 65 are:

	2022	2021
Males currently aged 65 (years)	23.9	24.7
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.7
Females currently aged 45 (years)	27.3	27.9

18. Capital commitments

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	Group 2022 £ (000)	Company 2022 £ (000)	Group 2021 £ (000)	Company 2021 £ (000)
Authorised but not committed	413	413	-	-
Commitments contracted at 31 July	361	361	110	110

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	
	2022	2021
	£ (000)	£ (000)
Land and buildings		
In one year or less	1,066	664
In more than one year but not more than two years	80	33
In more than two years but not more than five years	157	66
In more than five years	16	-
Total	1,319	763

Total lease payments in the year were £1,071k (2021:£1,043k).

Included in the total above is £390k which represents the remaining lease commitments for student residence, Henry Scott Tuke House, which commenced on 1 August 1999 and was transferred from Falmouth University in 2004/05 to complement the freehold residences at the Penryn Campus. The remaining period of the lease is 2 years and lease payments are linked to the rate of inflation. The amount recognised in the Statement of Comprehensive Income in the year is £65k.

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 31/7/22				
University of Exeter	12,608	70	-	328
Falmouth University	14,141	184	217	-
Year ended 31/7/21				
University of Exeter	8,908	181	-	692
Falmouth University	14,072	140	-	695

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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 31/7/22				
University of Exeter	12,608	70	-	328
Falmouth University	14,141	180	217	-
Year ended 31/7/21				
University of Exeter	8,908	181	-	692
Falmouth University	14,072	140	-	695

At the balance sheet date £217,000 was due from Falmouth University (2021: £695,000 due to Falmouth University) and £328,000 was due to University of Exeter (2021: £692,000 due to University of Exeter).

The parent institutions are as follows:

University of Exeter
 Stocker Road
 Exeter EX4 4PY

Falmouth University
 25 Woodlane
 Falmouth TR11 4RH

