



Financial  
Statements  
to 31 July 2022

## **Board of Governors**

### **Board of Governors (at date of signing)**

Chair

Chris Pomfret OBE

Deputy Chair

Charles Wace

Vice-Chancellor & Chief Executive

Professor Emma Hunt

Audit Committee Chair

Duncan Leslie

Independent Governors

Alison Cressey

Julie Fielding

Tim Jones

John Mathers

Helen Owers

Professor Keith Straughan

Mandy Jandrell

Academic Staff Governor

Vicky Gosling

Professional Services Staff Governor

Luke Court

Students' Union President - Falmouth

### **Other Officers (at date of signing)**

Deputy Vice Chancellor & Provost

Professor Minhua Eunice Ma

Chief Operating Officer

Peter Cox

Pro Vice-Chancellor (Marketing and Engagement)

Justin Scott

Executive Director, Finance, Audit & Risk

Rob Holmes

Executive Director, People & Culture

Christine Turton

Secretary to the Board

Robyn Wyatt

### **Registered Office Address**

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Woodlane

FALMOUTH

TR11 4RH

### **Bankers**

Barclays Bank plc

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Windsor Court

3 Windsor Place

CARDIFF

CF10 3BX

### **External Auditor**

KPMG LLP

Suite 23

BLOCK

Royal William Yard

PLYMOUTH PL1 3RP

### **Internal Auditor**

Uniac

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St James' Building

Oxford Street

MANCHESTER M1 6FQ

**Falmouth University**  
**Consolidated financial statements**  
**for the year ended 31 July 2022**

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## **Report of the governing body**

### **Introduction from the Vice Chancellor & Chief Executive**

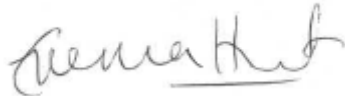
I was delighted to become Falmouth University's new Vice Chancellor & Chief Executive during this academic year in January 2022. Whilst I joined amid the ongoing uncertainty of the pandemic and an increasingly unsettled state of global affairs, I witnessed the extraordinary energy with which students and staff embraced the opportunity to do what they do best – to collaborate, to create and to innovate – within our Higher Education setting.

It's been an undeniably challenging period, and our finances, as they have been across the sector, have been squeezed by unexpected costs and rising prices. However, by pulling together and managing our budgets responsibly, we have ended the year in a position that allows us to look to the future with cautious optimism.

This year has seen fantastic activity and achievement across our academic departments and this is reflected in the awards and accolades that have been won by our students, graduates and staff. As we become increasingly aware of our responsibility, as an institution, to respond to society's challenges, I'm especially proud that research at Falmouth was recognised in the REF2022 as world leading.

We'll continue to build upon our strengths in teaching, research and knowledge exchange to develop the next generation of creative leaders and explorers, and to deliver experimental, environmental and societal impact.

It's this curiosity, a desire to use creativity for good, that sets us apart at Falmouth and will drive our progress in the years ahead.



Professor Emma Hunt  
Vice Chancellor & Chief Executive

## Strategic Review

### Student growth

Our Strategy commits us to growing our student body in a competitive market with strong competition from traditional providers and an increase in non-traditional Higher Education providers. However, with employers increasingly recognise that creativity is an invaluable resource in the future economy.

This is Falmouth University's strength whereby we continue to produce future-proofed entrepreneurial graduates, who are complex problem solvers and multi-disciplinary team players that recognise that through creativity, they can bridge the gap into different sectors which is vital to the future of UK productivity.

### On-campus student recruitment

Our on-campus community is at the heart of what we do, and we are committed to preparing our students for the future economy and new types of employment.

We enrolled 1,840 new undergraduate students against a plan of 1,815. In addition, 259 new, on-campus postgraduate students were enrolled. This compares to 1,621 and 145 respectively at the same point the previous year.

Using our market research and insight capability to determine market demand, we recognise that applicant choices are rapidly changing and that employers require multi-skilled graduates. We therefore continue to deliver an authentic education in a creative and compelling way.

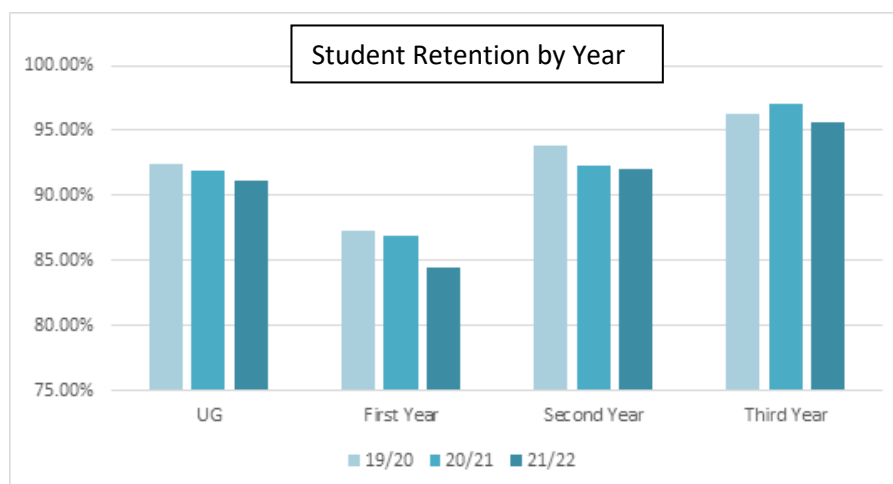
### Online student recruitment

Most of our online courses and some of our partnership courses have multiple intakes each year (September, January and May), which means we recruit students across multiple academic years.

Our online activities exceeded the 2021/22 strategic plan target by 6.5%, which was achieved by over recruitment to the courses delivered by our in-house team and our partner, the Cambridge Education Group (CEGD).

### Student retention

The University retained 90.1% of undergraduate students, down 1.7% at the same point in time last year with the equivalent figure for postgraduate courses offered on campus being 93.1%.



## **Falmouth University Report of the governing body**

The financial impact of the above equates to an in-year fee loss of £2m which is up from £1.6m for the previous year and £1.5m for the previous 2-year equivalent, but in line with budget.

Although Assessment Boards create student movement in relation to student's academic performance, as is the case in the wider Higher Education sector currently, health and personal reasons remain the significant drivers of student withdrawal at Falmouth: mental health was cited as the most prevalent reason for withdrawal at 27.2%.

Across different demographics of students the University remains mindful of our obligation under the 'B Conditions of Registration' to effectively support the students we recruit in each cohort, something we are taking extremely seriously both academically and pastorally.

### **Student experience – National Student Survey**

Our performance compared to that of the sector average significantly improved during the year, raising our position relative to the sector and our competitors who are seeing a slower post-pandemic recovery of student satisfaction.

Our overall satisfaction score for the courses we teach increased by 4.3% to 76.8%. In comparison, the sector increased by 1% to 76.3% which means that our performance is now 77% against the sector's 76% - the first time that Falmouth has exceeded the sector average for overall satisfaction.

When compared to our competitors the news improves further: the overall satisfaction average for competitors increased by only 2%, to 72%. As a result, we have significantly increased our position within our competitor set to joint second.

### **Student outcomes – Graduate Outcome Survey**

The latest data from HESA covers the third year of the Graduate Outcomes Survey (GOS) which aims to assess our leavers' performance 15 months after leaving Falmouth University.

This survey is made up of leavers from the 2019/20 academic year, where the majority of undergraduate leavers were surveyed between September and November 2021. All leavers are contacted to be surveyed at all levels and modes of study. In context, this means the results comprise students who graduated into a period where high-levels of Covid-19 restrictions were in place but were surveyed when less restrictions were in-place.

Key findings from this survey are:

- Response rates – we maintain a higher response-rate than the UK average.
- Retention – 13% of our graduates are working in local postcodes.
- Self-employment rates – we have increased our already high self-employment rate to 27% of graduates as their primary activity and 40% where self-employment forms part of their work after graduation. Falmouth has the most graduates in self-employment (as a %) in the South West, the highest performance of a University in GuildHE and the 3rd Highest University in the UK. Falmouth has 3.5 times the average self-employment rate in the UK.
- Unemployment – unemployment has decreased on the very-high levels last year. With a 2% drop on external calculations and a 1% drop on internal measures.
- Graduate-Level Work – overall a 7% increase in highly-skilled (graduate-level) employment.
- Office for Student measures – the new quality measures introduced in Section B of the Quality Code, highlight the B3 quality measures looking at retention, outcomes and progression for students. Falmouth meets the threshold scores for each qualification type at the University.

**Falmouth University**  
**Report of the governing body**

- Salary – salary levels have improved, but remain below the UK average, and there is no notable salary differences between demographic groups, except socio-economic markers (IMD and POLAR4, where there is an up to £8k difference between Q1 and Q5).

**Student wellbeing**

Discussion of the student mental health crisis over the last few years (it's drivers, pace and scale of growth, nature of need, etc) has been well rehearsed. We know that poor mental health can impact a student's learning, persistence, and outcomes (both educationally and in employment).

We are adopting a whole-institution approach to mental and have therefore taken the step to sign up to the University Mental Health Charter. This supports consideration of social and environmental factors, which include determinants such as curriculum content, assessment structures, peer relationships, academic cultures and common practices, and the physical environment.

In addition, it is worthy of note that effective work on student wellbeing has been progressing for some time and, during the year, the cross-Partnership Wellbeing Programme led by FX Plus, has driven significant improvement. This programme was designed in part to support progress towards Charter achievement with the first phase (complete June 2022) including a self-audit and evidence gathering activity to assess the current state in relation to the Charter Themes.

**Students' Union**

The Students' Union (SU) represents students from Falmouth University and the University of Exeter (UoE), Cornwall Campus and provides advice and support and Student Voice representation, meaning that the student experience is understood and considered at every level of the University's decision making.

Student representatives sit on all major Committees of the University so that the student voice is heard. Financially, and as a registered charity, the SU accounts for and reports separately and the annual accounts are not consolidated into our figures within this report.

**People**

With the arrival of our new Vice-Chancellor & Chief Executive, this year has been a time of strategy refresh and reset, resulting in a relaunched 2030 Strategy. We also hired an Executive Director of People & Culture which further elevates our focus and cements our intent of putting our people at the heart of everything we do.

To better align with our culture, our Mission, Vision and Values have been reimagined.

## OUR MISSION

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**To deliver exceptional higher education and research, harnessing the fusion of creativity and technology as foundations of the future economy.**

**To use our knowledge and expertise in these disciplines to generate positive and sustainable opportunities for all.**

## OUR VALUES

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### CREATIVE

Knowing that creativity is the vanguard of progress, we're constantly seeking new ways of thinking, doing and creating.

### ACHIEVE

We value the pursuit of excellence and enrichment as a collective aspiration to be the very best we can be.

### RESPECTFUL

We have an open mind, we respect differing views, we listen and enable, and we work towards an equitable and diverse world.

### SHARING

We collaborate and share knowledge to co-create a positive impact.

## OUR VISION

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- To be the leading institution for the nexus between creativity and technology.
- To establish Cornwall as the County for Creative Learning, using innovative and open pedagogies as an integral part of its education and business eco-system.
- To develop the next generation of creative leaders and explorers, who will change the world through their curious minds, creative impact and unique skillsets.
- To build on our strengths in research and knowledge exchange to deliver experimental, environmental and societal impact.

## OUR STRATEGY

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Our People Plan supports the Mission, Vision and Values and, as the UK's No.1 Arts University (as reported by The Times and Sunday Times Good University Guide 2023), we recognise and value the contribution all our people make to the University's ongoing success.

Providing a stimulating environment, we have continued to invest in our culture and ways of working, talent management, development, leadership/coaching, performance and reward agendas. To drive brilliance in teaching and research and the student experience, while engaging and connecting across our communities.

The world is changing, and we understand that by fostering a culture which enables everyone who works and studies at Falmouth University to achieve and sustain excellence, we will ensure that our Mission, Vision and Values are embedded into our everyday ways of working.



## **Falmouth University** **Report of the governing body**

### **Equal opportunities**

Supporting our focus on people, our Equality, Diversity & Inclusion Charter continues to guide this area of work within Falmouth University. Our equality and diversity mission is “to support Falmouth in being a world class place to study and work, by providing an inclusive environment where there is equal opportunity for a diverse student and staff community to reach their full creative, academic and entrepreneurial potential”.

The action plan to deliver this mission has been distilled into four specific equality objectives and we publish an annual Equality and Diversity report detailing progress against the components of this action plan. As part of this plan an Equality and Diversity dashboard is used to monitor the core diversity metrics within the University.

### **Research**

Early in the 2021/22 financial year we received the fantastic news that our performance in the Research Excellence Framework had risen dramatically since we were last assessed in 2014. Exceeding all of the targets we had set ourselves in our Strategy, 78% of our overall submission was rated as world-leading or internationally excellent. The rating of our Impact Case Studies positioned us joint 12th and the rating of our research environment 11<sup>th</sup>, both out of 129 universities. Testament to the talent, creativity and hard work of staff across the university, this result led to the more than tripling of our annual core research income from Research England to £1.15m for the 2022/23 financial year. These results also feed university league tables, and The Times newspaper themselves attributed our leap of 45 places in their league table primarily to our enhanced REF performance.

At a time when technologies such as big data, AI and robotics are disrupting traditional industries and changing the way we live, creative skills are providing the solutions to today’s challenges across every sector. This type of collaboration and innovation is not only necessary to secure the growth of Cornwall’s creative enterprises, but the growth of the UK economy at large.

We were also delighted to welcome twelve new postgraduate research students to the University, with nine registering for our in-person, and three to the new part-time online route. We now have an international cohort based in US, Pakistan and China. Within the year, three PGR students completed their PhDs. Our PGR students responded favourably to their experience of studying at Falmouth, reporting an overall score of 88% for overall satisfaction in the Postgraduate Research Experience Survey (PRES), 12% higher than the national benchmark.

### **Knowledge Exchange**

We have continued along our path to delivering inter- and transdisciplinary impact driven research and innovation this year. In addition to our live portfolio of 18 research and innovation projects amounting to £28.26m, we submitted 17 bids across 10 different funding bodies during the financial year amounting to £12.5m total gross value. This included applications to the AHRC, ESRC, MRC, Arts Council England, OFS, British Academy, Leverhulme and Research England, demonstrating our commitment to working across disciplinary boundaries in response to the grand challenges of our age.

During this financial year, the second iteration of KEF, KEF2 was announced. We scored well within our cluster, ranking 4th out of 17 HEI’s and also scored higher than average in many of the individual perspectives when compared with the Cluster average. We continue to utilise our allocation of the Higher Education Innovation Fund (HEIF) to support the development of Knowledge Exchange activities across the institution and, as a recipient of HEIF, we have committed to the Knowledge Exchange Concordat. This has been used as a continuous development framework to review the performance of KE across the University. All universities will be invited to

**Falmouth University**  
**Report of the governing body**

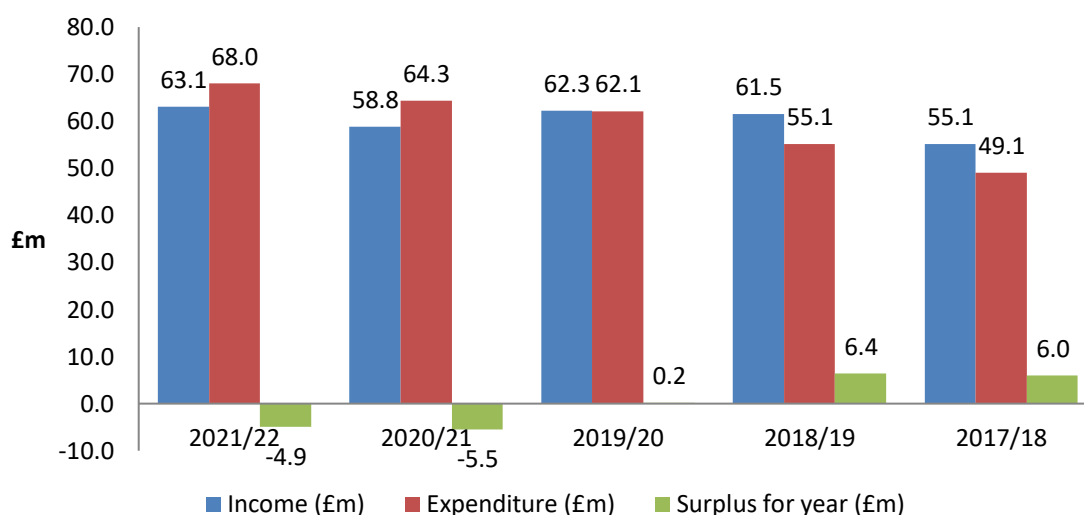
submit an updated action plan in late 2023, offering us the opportunity to reflect on the impact of the strategic review of Falmouth's Strategy.

**Financial overview**

The results for the year show a deficit, as approved by the Board in July 2021, which has enabled us with our continued investment in Falmouth Online (our route to new students learning remotely).

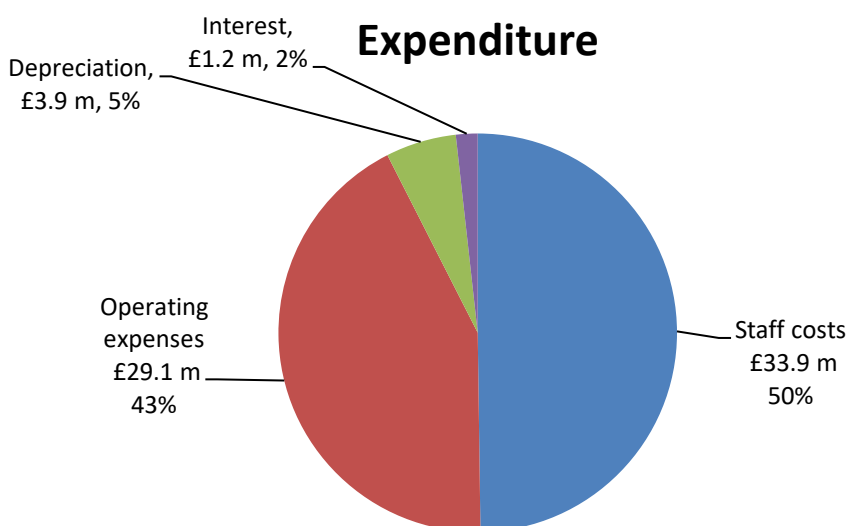
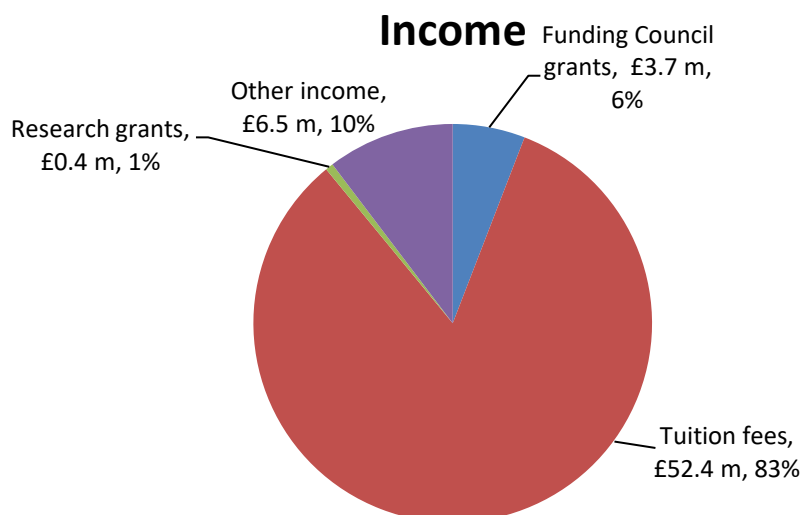
**Group financial highlights:**

	2021/22 £(000)	2020/21 £(000)	2019/20 £(000)	2018/19 £(000)	2017/18 £(000)
Income	63,105	58,790	62,280	64,828	61,548
Expenditure	(68,020)	(64,303)	(62,130)	(61,646)	(55,063)
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	748	(2,289)	2,520	7,287	10,139
Net assets	72,256	35,702	49,386	62,521	63,294
Net assets excluding pension liability	79,599	70,108	76,840	79,641	76,091
Cash at bank and in hand	22,676	24,714	29,060	25,199	20,150
Net funds	11,015	12,111	16,249	16,091	12,749



During the financial year 2021/22 income rose in line with student numbers (both on-campus and through partners) whilst costs increased through higher staffing and franchise fees payable.

**Falmouth University**  
**Report of the governing body**



We recorded a deficit for the year of £4.9m (2020/21 – deficit £7.1m) which was in line with the level approved by the Board after allowing for the FRS102 pension adjustments.

Income rose by 7.3% due to higher tuition fee receipts from both on-campus students and higher partner student fees whilst costs rose by 5.2% during the year with staff costs increasing by over 8% and other costs remaining static as they were controlled to achieve the approved outturn.

Tangible fixed asset additions during the year amounted to £2.9m, including building developments and refurbishments of £2.3m, equipment purchases of £1.3m and depreciation of £3.9m. These related to property enhancements for new courses, including externally funded projects, and the annual renewal and updating of IT and equipment. At the year end, assets under construction relate to summer works for new academic spaces in readiness for the 2022/23 academic year.

During the year, we invested £50k in two of our Launchpad companies. This was part of a new strand of activity whereby an internal 'Venture Fund' has been established to support and co-invest in student businesses which have high growth potential.

## **Falmouth University Report of the governing body**

The University operated four subsidiary companies during the year: Falmouth Enterprises Limited, Falmouth Agency Limited, Falmouth Staffing Limited and Falmouth Ventures Ltd. In addition, the University owns 50% in Falmouth Exeter Plus, a jointly controlled entity with the University of Exeter. Any surpluses generated by the subsidiaries are transferred under deed of covenant. In the current year, the surpluses generated by these subsidiaries was £75k.

### **Cash flows and liquidity**

Cash flow from operating activities recorded a net inflow of £2.3m (2020/21 – outflow £2.2m).

The overall net cash outflow was £2.0m (2020/21 – outflow £4.4m) which meant that cash held at the year-end fell to £22.7m (2020/21 – £24.6m).

In total, the face of the balance sheet shows that borrowings remain relatively modest although it should however be noted that the University guarantees 50% of the loans within Falmouth Exeter Plus which are funded by income from student residences. At the year end the value of this guarantee stood at £19m.

### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998 requires Universities to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 90%. During the year ended 31 July 2022, the University paid 82% of its invoices within 30 days. The University incurred no interest charges in respect of late payment for this period.

### **Estate**

In line with the Business Plan, overall investment levels of between 4% and 4.5% are required to maintain and enhance the facilities. This year has seen further investment in our estate, in order to update our teaching, research and innovation environment. Minor works over the year included refurbishments and enhancements to spaces used by Games, Film & Television and Immersive Business.

Discussions with Cornwall Council have continued throughout the year regarding possible occupation of new premises in Truro with completion of the first phase of the Pydar Street development likely to be for the start of the 2025/26 academic year.

### **Information technology**

This year saw continued investment in cyber security (through FX Plus) alongside our regular refresh of IT suites.

### **Risk management**

Over the last two years the University has worked on implementing a more effective integrated risk management framework, making step-changes in its governance, systems and processes.

A summary of key strategic risks as at the year end is shown below:

<b>Strategic Risk Register</b>	
Student retention and progression	Student growth
Graduate outcomes	Union relations and industrial action
Student growth	Cyber security
Student accommodation	Pensions liabilities
Attraction and retention of staff	Student Experience
Research Degree Awarding Powers	Environmental sustainability

**Falmouth University**  
**Report of the governing body**

The Corporate Compliance Risk Register sits alongside the Strategic Risk Register, enabling greater ownership, visibility and control of the University's Corporate Compliance responsibilities. Corporate Compliance risks now include more than 40 commitments related to the following areas:

- Office for Students – Conditions of Registration
- Cross-Institutional Legal Obligations (sub-risks of Conditions of Registration)
- Regulatory licences.

### **Looking ahead**

Student enrolments for the 2022/23 academic year were higher than ever which bodes well for the future although there are, of course, significant headwinds, especially whilst the UK undergraduate fee remains fixed until at least 2025, and the Cost of Living affects both the institution and its students and staff.

Despite the economic turmoil across not just the UK but worldwide, student demand is strong and we expect to return to financial surplus over the next few years.

### **Conclusion**

The financial and academic year to July 2022 had a much for which we are proud. As well as student and staff successes, we met our budget and ended the year with cash in the bank. We remain financially robust and look forward to working with the new Vice Chancellor under a revised vision and mission which puts Falmouth University at the heart of Creative Learning in Cornwall.

**Approved by order of the members of the Board of Governors on 25 November 2022 and signed on its behalf by:**

A handwritten signature in black ink, appearing to read 'C. Pomfret', with a long horizontal line extending to the right.

**Chris Pomfret OBE**  
**Chair of the Board of Governors**

## **Public Benefit Statement**

### **Legal status**

The University was established as a Higher Education Corporation on 1 April 1989 under the Education Reform Act 1988. The University is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The University was incorporated as Falmouth School of Art and Design. On 10 December 2012, the Privy Council granted consent to change the name to Falmouth University. The aims of the University include 'to provide higher education', 'to provide further education' and 'to carry out research and to publish the results of the research'.

### **Vision**

In 2022, the University's Board of Governors approved the Second Edition of the University's Strategy. This updated edition sets out the University's Vision, Mission and Values as follows:

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#### ***Vision:***

- To deliver exceptional higher education and research, harnessing the fusion of creativity and technology as foundations of the future economy.
- To use our knowledge and expertise in these disciplines to generate positive and sustainable opportunities for all.

#### ***Mission:***

- To be the leading institution for the nexus between creativity and technology.
- To establish Cornwall as the County for Creative Learning, using innovative and open pedagogies as an integral part of its education and business eco-system.
- To develop the next generation of creative leaders and explorers, who will change the world through their curious minds, creative impact and unique skillsets.
- To build on our strengths in research and knowledge exchange to deliver experimental, environmental and societal impact.

#### ***Values:***

**Creative:** Knowing that creativity is the vanguard of progress, we're constantly seeking new ways of thinking, doing and creating.

**Achieve:** We value the pursuit of excellence and enrichment as a collective aspiration to be the very best we can be.

**Respectful:** We have an open mind, we respect differing views, we listen and enable, and we work towards an equitable and diverse world.

**Sharing:** We collaborate and share knowledge to co-create a positive impact.

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Falmouth University is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Office for Students. The members of the Governing Body, who are trustees of the charity, are disclosed on page 18.

## **Falmouth University Public benefit statement**

In setting and reviewing the University's strategic objectives, the Board of Governors has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. The principal beneficiaries of the University's services are our students and the public at large.

In delivering its mission, the University provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce

The University takes seriously its commitment to ensure that it satisfies the Charity Commission's public benefit test that there be identifiable benefits and that the opportunity to benefit must not be unreasonably restricted. We have a range of schemes to encourage participation in our academic programmes by students from under-represented groups and those from low income households.

The University has an Access and Participation Plan (APP) with ambitious targets to improve access, success, attainment and progression to employment. The University's Equality, Diversity & Inclusion agenda is important in supporting the achievement of these targets. Delivery against the APP is reported separately, this section of the report celebrates some key widening participation initiatives.

### **Step into Falmouth transition programme**

The aftermath of the pandemic has highlighted the major impact on the mental health and financial security of many of the underrepresented student groups we support. This has led us to focus on the 'transition-in' period, moving from further education to higher education, and the support mechanisms we can introduce to support our new applicants.

It is recognised that the transition from further education to higher education can be difficult for a number of learners, with a more acute impact being identified since the pandemic lockdowns. The lockdowns have caused social isolation and missed study time for all learners, resulting in a lack of confidence being shown from the majority of learners about to embark onto higher education study.

In response, we have developed a transition programme called Step into Falmouth. This programme offers a series of supportive and informational live webinars, covering topics within study skills, digital skills, student support, confidence & resilience, student life, campus life & orientation, and parent/carer advice. There is also the opportunity for applicants to meet their peers, their mentor, current students, staff members, and their student advisory team during the programme. This programme aims to alleviate some of the anxiety and worries felt by our new applicants, helping them to feel more confident about starting their studies at Falmouth.

### **A centralised monitoring and evaluation system**

We have made significant progress this year in our approach to Access & Participation Plan (APP) monitoring, reporting and evaluation. Key teams whose activity contributes to the APP have been consulted and a review has taken place of all monitoring, reporting and evaluation processes.

## **Falmouth University Public benefit statement**

We have developed a framework to ensure we are capturing all widening participation activity that is delivered, gathering feedback from each interaction with our target groups. We are currently developing a centralised database to store all student sensitive data and evaluation surveys. We also continue to work with the independent evaluation service, SEER, commissioning a range of research projects, to help better understand our current students support needs.

Our franchise partners have also now been asked to complete an APP monitoring report annually so that we can include their targeted qualitative data within all APP reporting cycles. This new process also highlights any gaps in widening participation activity enabling us to offer support to our partners and any disadvantaged student within their cohorts.

These measures will enable teams to develop evidence-led interactions in the future from the qualitative data collected. This will firstly improve conversion rates of students who identify as Black, Asian or Mixed Ethnicity, or from IMD deprived neighbourhoods (IMD-Indices of Multiple Deprivation)) or from POLAR 4 (low participation in HE) areas. Secondly, it will enable identification of successful interactions with targeted students, reducing the continuation and attainment gaps.

### **Student finance review**

Following student consultation, a review has taken place of the Student Bursaries, Hardship Fund and the Disabled Students' Allowance (DSA) diagnostic assessment funding. The research company SEER have also conducted a research survey which has asked current students for feedback on the student finance available at Falmouth.

This has led to changes being made to the processes, resulting in a simplified application process and fairer access to financial support for any student who has a disability or learning difference, or faces some form of disadvantage. The new process aims to encourage and support student continuation and attainment.

### **Care leavers and care experienced students**

To encourage an increased number of applicants who have experienced the care system, and to better support current students who are care-leavers or care-experienced, Falmouth has developed and implemented an enhanced care leaver offer and have been accepted as signatories in the Care Leavers Covenant. The enhanced offer includes a 'Welcome Pack' on arrival worth over £200 in pre-paid cards to use in the launderette, cafes and retail outlets; a dedicated student support person; and their graduation ceremony totally funded including the hire of cap and gown, tickets and their graduation picture; and the Pendennis Bursary.

The number of students at Falmouth who have experienced the care system has increased each year over the last 3 years, with this years cohort being 20 new care-experienced/leaver students starting this month. These students often need more financial support than others and this comprehensive support package aims to help the student continue with their studies and achieve their goals.

### **National Saturday clubs**

The University now offers 3 National Saturday Clubs, in Art & Design; Fashion & Business; and Film & Media. The clubs offer a university experience, over 30 weeks, to groups of 13 to 15 year olds. This multiple intervention programme helps to develop both academic and practical skills over the club year, helping to improve GCSE English, Maths, ICT, Business and club subject specific GCSE grades.

The National Saturday Club (NSC) whom we are in partnership with for these clubs are a charity, helping to promote creative careers across the UK. The whole ethos of the NSC is to encourage onto campus young people from disadvantaged areas (IMD), or from areas of low HE participation



## **Falmouth University Public benefit statement**

(POLAR), or from underrepresented groups, widening their horizons and career aims. The majority of our club members are from our target characteristic groups.

### **Equity ambassadors**

A new 'Equity Ambassador' role has been developed and appointed to. These student ambassadors are specially trained and have been appointed due to their relevant lived experience i.e. their ethnicity, their age, their learning difference etc, to provide an authentic guest speaker.

The Equity Ambassadors have already delivered in schools, colleges, the community, and have delivered training sessions with university staff members to raise awareness of specific equality, diversity and inclusion issues.

### **New outreach team**

We have a new Outreach Team to work with disadvantaged and underrepresented learners within the 'Access' section of the Access & Participation Plan. The team are currently developing and delivering a range of initiatives and projects to encourage higher education applications from students who identify as BAME, with a disability or learning difference, are from disadvantaged areas (IMD) or from areas with historically low participation in HE (POLAR). Their range of activities includes:

- A 'Mock Interview' programme has been developed and delivered across the country to learners who meet targeted widening participation criteria, to help raise confidence levels and reduce interview anxiety for disadvantaged learners.
- A 'whole school' planned longitudinal programme of outreach interventions (the Progression Framework).
- The team have started to develop Primary School level of engagement because research has shown that the 'disadvantage gap' starts from an early age.
- Contextual admissions, regional interviews and help with portfolio building are offered, to provide a more inclusive application process and aid transition-in. There is also a travel bursary available to help pay for travel costs for any learners and parent/carers wanting to attend an Open Day/Interview but facing financial barriers, to help accessibility.
- Falmouth in conjunction with Cornwall County Council offer research placements each year through the Nuffield Research Placement scheme. These placements are offered to Year 12 high achieving students from disadvantaged areas, to work with academic teams for two weeks during the summer, on an agreed research project.

### **Work experience placement programmes**

Two new work experience placement programmes have been implemented - the Micro Internships Programme and the Turing Programme (which replaces ERASMUS). The Micro Internships Programme was targeted towards underrepresented students and has achieved 90% of applications from students who meet widening participation criteria. The Turing Programme also requires a reasonable percentage of underrepresented students applying for the work or study placement experience. Both are managed by RealWORKS (the University's Employability Team).

### **Micro-internships**

100, 30-hour, paid Micro-Internships each year are provided for students from more disadvantaged backgrounds. The scheme pays students at the student-worker rate for 30-hours, offering the internships at a subsidised rate for industry.

In its first year, the scheme delivered just under 100 Micro-Internships with a +90% student engagement rate from students with additional barriers to employment. Working with students

**Falmouth University**  
**Public benefit statement**

from all academic departments, and a wide range of industry partners, the scheme has had 100% positive feedback from students and employers. Student work has contributed to final degree projects and shows.

*“Working with an actual business was really valuable and seeing the physical changes I made to the website was really satisfying. I am so much more confident in my own skills, having developed them during this internship.” Student participant*

*“We have been really impressed with XXXX’s work, and how she has worked with us during this internship. We would certainly recommend XXXX for future projects” Employer quote*

The Micro-Internship has a 70% target rate for students with additional barriers to employment. In the 2021/22 Academic year, these students represented over 90% of participants. The groups included are: disabled students, students from lower participation neighbourhoods (POLAR4/IMD - Q1), BAME students, Care-Leavers/carers, LGBTQI+ students.

The University normally expects that any private (non-charitable) benefit will be legitimately incidental to the achievement of the University’s charitable aims for public benefit. The terms and conditions of all externally funded research activity are assessed prior to acceptance in terms of the public benefit test for charitable purpose.

## **Statement of Corporate Governance and Internal Control**

The Articles & Instrument of Government ('Articles') define the responsibilities of the Board of Governors, Academic Board and Vice-Chancellor & Chief Executive. The Articles and Instrument of Government are published in full on the University's Governance web page:

[www.falmouth.ac.uk/governance](http://www.falmouth.ac.uk/governance)

This statement covers the year ended 31 July 2022 and the period up to the date of approval of the financial statements. The University is committed to exhibiting best practice in all aspects of corporate governance and conducts its business:

1. In accordance with the Office for Students' Good Governance Conditions of Registration, as set out in section E of the OfS Conditions of Registration (inclusive of upholding the public interest governance principles);
2. In accordance with the guidance to universities from the Committee of University Chairs (CUC) in:
  - The Higher Education Code of Governance 2020 ('The Code')
  - The Higher Education Audit Committees Code of Practice 2020 ('The Audit Committees Code')
  - The Higher Education Senior Staff Remuneration Code 2018 ('The Remuneration Code');
3. Having due regard to the UK Corporate Governance Code as applicable to the Higher Education sector;
4. In accordance with the seven principles identified by the Committee on Standards in Public Life, also known as the Nolan Principles (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

### **Board of Governors**

The Board of Governors ('the Board') is the University's governing body, established in accordance with the Articles and Instrument of Government.

### **Responsibilities of the Board of Governors**

The Board's responsibilities include determining the educational character and mission of the University, establishment and monitoring of systems of control and accountability, ensuring that systems are in place for meeting the University's legal and regulatory obligations, ensuring effective and efficient use of resources, and approving the annual budget and financial statements. The Board's responsibilities are published in full in the Statement of Primary Responsibilities on the University's Governance webpage: [www.falmouth.ac.uk/corporate/governance](http://www.falmouth.ac.uk/corporate/governance).

In relation to the key responsibilities of the Board of Governors, in July 2022 the Board approved the Second Edition of the University's Strategy, which included updated Mission, Vision and Values.

In respect of the financial statements, the Board of Governors' responsibilities include:

- Appointment of the external auditors to ensure the financial statements give a true and fair view of the state of affairs of the group and parent University, of income and expenditure, gains and losses, and changes in reserves for that period;
- Appointment of external auditors to ensure the financial statements have been prepared in accordance with the requirements of the terms and conditions of funding for higher education institutions from the Office for Students (OfS) and applicable law and regulations;

## **Falmouth University Corporate governance**

- Assessing the group and parent University's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern (See 'Going Concern' page 32);
- Approval of the financial statements. The Board is provided with regular and timely information on the overall financial performance of the University together with other information such as performance against targets, proposed capital expenditure, quality matters and personnel-related matters including performance against health and safety requirements and benchmarks.

The Board meets six times a year with provision for extraordinary meetings as required, and briefings are provided to Board Members in between meetings as appropriate. In addition, a number of informal question and answer sessions were held between formal meetings to provide Board members an update on activities between formal Board meetings.

### **Membership of the Board of Governors**

The Board has a strong and independent non-executive majority and no individual or group dominates its decision-making process. The Board considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. Members of the Board of Governors acting as the Trustees of the University do not receive remuneration for their service on the Board, but are entitled to claim reasonable expenses incurred in undertaking their duties as Trustees. See page 44 for a breakdown of expenses.

Any new appointments to the Board are a matter for the consideration of the Board as a whole. The Board has a Nominations Committee, consisting of three members of the Board, which is responsible for the selection and nomination of any new member for the Board's consideration. Prior to the appointment of new Members of the Board of Governors an assessment is undertaken in respect of the nominee meeting the University's fit and proper person requirements. Members of the Board are appointed for up to two terms of office, each of four years.

Each sub-committee of the Board has a Terms of Reference, approved by the Board and published in full on the University's Governance webpage: [www.falmouth.ac.uk/governance](http://www.falmouth.ac.uk/governance)

All Members of the Board are able to undertake independent training and seek professional advice in furtherance of their duties at the University's expense and have access to the Secretary to the Board, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Secretary are matters for the Board as a whole.

Minutes of all meetings, except those deemed to be confidential by the Board, are available upon request from the Secretary to the Board of Governors.

**Falmouth University  
Corporate governance**

**Membership of the Board of Governors serving during 2021/22**

	Date of appointment	Term of office	Expiry of term	Status of appointment	Committees served	Attendance
C Pomfret OBE	1 Sep 2015	Second term	31 Aug 2024	Chair of the Board of Governors	Nominations Committee (Chair), Remuneration Committee, Ventures Committee (Chair)	100%
L Court	1 July 2022	n/a	30 June 2023	Student Governor		100%
A Cressey	1 Sep 2015	Second term	30 Nov 2022	Independent Governor	Nominations Committee Audit Committee	100%
J Fielding	1 Aug 2021	First term	31 Jul 2025	Independent Governor	Remuneration Committee	100%
T Jones	1 Nov 2016	First term	31 Oct 2024	Independent Governor	Audit Committee	100%
D Leslie	1 May 2019	First term	30 Apr 2023	Independent Governor	Audit Committee (Chair)	83%
J Mathers	1 Sep 2015	Second term	30 Nov 2022	Independent Governor	Audit Committee	83%
H Owers	1 July 2019	First term	30 Jun 2023	Independent Governor	Audit Committee	83%
K Straughan	1 Aug 2021	First term	31 Jul 2025	Independent Governor	Ventures Committee	100%
C Wace	1 Sep 2015	Second term	31 Aug 2023	Deputy Chair of the Board of Governors	Remuneration Committee (Chair), Ventures Committee	100%
Professor A Carlisle OBE	1 Sep 2009	n/a	31 Dec 2021	Vice-Chancellor (to 31 Dec 2021)	Nominations Committee, Ventures Committee	100%
Professor E Hunt	1 Jan 2022	n/a	n/a	Vice-Chancellor (from 1 Jan 2022)	Nominations Committee, Ventures Committee	100%
M Jandrell	24 May 2019	Second term	23 May 2023	Staff Governor		100%
V Gosling	1 Sep 2020	First term	31 Nov 2022	Staff Governor		83%
B Statham-Williams	1 Sep 2021	-	30 June 2022	Student Governor		100%

**Corporate governance effectiveness**

In accordance with the statement of Primary Responsibilities, the University undertakes periodic reviews of its corporate governance effectiveness. The most recent review concluded in May 2021 and was undertaken by AdvanceHE. The review outcomes were very positive, with the report noting that: *“the approach to governance at Falmouth University is effective. A strong commitment from members and collegiate atmosphere was evident, with a good degree of challenge being brought to the Executive. Coupled with an experienced and effective secretariat who are keen to continuously develop practice at Falmouth, the University is well placed to build on strong foundations and evolve governance even further in coming years. This chimes well with the University’s reputation for innovation and creativity.”*

## Falmouth University Corporate governance

The report set out a suite of developmental recommendations to further strengthen governance and support good practice; the Board approved the recommendations in May 2021 for implementation over a 12-month period. In March 2022 the Board of Governors confirmed that all actions from the recommendations had been completed or were scheduled as part of the Board's ongoing Cycle of Business.

### Academic governance

The Academic Board is the University's senior academic governing body, established in accordance with the Articles. The Academic Board's responsibilities include the quality and continuous improvement of the student academic experience, the quality and standards of the University's awards, and approval of new editions and revisions to academic regulations and policy. Academic Board provides the Board of Governors with assurance that the University's academic strategy, academic governance and academic practices are appropriate and effective. Academic Board's responsibilities are published in the Articles on the University's Governance webpage:

[www.falmouth.ac.uk/corporate/governance](http://www.falmouth.ac.uk/corporate/governance)

The University undertakes periodic reviews of its academic governance arrangements. The most recent review concluded in June 2022, and the Academic Board approved a number of recommendations designed to strengthen academic governance, and address significant changes in the internal and external environment. The Board of Governors approved revised Terms of Reference for Academic Board in July 2022.

### Leadership and management

The Vice-Chancellor & Chief Executive is the Accountable Officer, accountable to the Board of Governors and Office for Students (OfS). The Vice-Chancellor & Chief Executive's responsibilities include the organisation, direction and management of the University and leadership of its staff.

The Vice-Chancellor & Chief Executive's responsibilities are published in the Articles on the University's Governance webpage. The Vice-Chancellor & Chief Executive is advised by the University Executive Board (UEB), the senior advisory and executive decision-making group for the University, and its sub-committees, which include University Management Committee, Health & Safety Committee.

The University Executive Board plays a crucial role in developing and implementing the University's Strategy (Mission, Vision, Values and Annual Plan). This includes overseeing the effective management of the University's resources, obligations and risks, as well as leading the development of a culture that supports delivery.

### Register of interests

The University maintains a register of financial and personal interests of the Members of the Board and key post holders, which is updated and provided to the Board annually. Further to the annual update of the register, Members of the Board are required to declare any new interests, or interests related to the agenda at the start of each meeting.

### Statement of internal control

The system of internal control includes:

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board of Governors
- Regular reviews by the Board of Governors of periodic and annual financial reports which indicate financial performance against forecasts

## **Falmouth University Corporate governance**

- A clearly defined schedule of limits of authority, which is agreed and reviewed by the Board of Governors
- An ongoing process designed to identify and prioritise the risks to the achievement of University's strategic aims and compliance obligations, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically
- Setting targets to measure financial and other performance
- The adoption of formal project management disciplines, where appropriate

The Board is ultimately responsible for the University's system of internal control and for reviewing the effectiveness of these arrangements. The Board has delegated the day-to-day responsibility to the Vice-Chancellor & Chief Executive, as Accountable Officer, for maintaining a sound system of internal control that supports the achievement of the University's strategy, whilst safeguarding the public funds and assets for which she is personally responsible.

The Board's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The system of internal control has been in place in Falmouth University for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts.

### **Risk management**

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments.

The Audit Committee and Board of Governors have regularly reviewed the key strategic, corporate compliance and financial risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate the risks.

The annual risk horizon scanning exercise has been undertaken by the senior management team and Audit Committee and reported to the Board of Governors.

There is a formal ongoing process for identifying, evaluating and managing the University's risks that has been in place for the period ending 31 July 2022 and up to the date of approval of the annual report and accounts. During the period, the University continued to make enhancements to its risk management processes, informed by recommendations from a review of risk management undertaken by Uniac in June 2021.

### **Internal and external audit**

Falmouth University uses an internal audit service, whose work is directed by the University's Strategy, the high-level targets of the Strategy, and the University's Strategic and Corporate Compliance Risk Registers. The work of the internal audit service, and the management response to recommendations of the internal auditors, is scrutinised by the Audit Committee.

The Audit Committee receives regular reports from the Group's internal and external auditors and any recommendations they have made for improvement. Progress reports on implementation of recommendations is monitored by the University Executive Board as well as the Audit Committee. The reports include an independent opinion on the adequacy and effectiveness of the University's risk, internal control, and assurance framework.

## **Falmouth University Corporate governance**

The Audit Committee also receives and considers reports from the OfS, as they affect our business, and monitors adherence with the regulatory requirements. It is responsible for meeting with our external auditors and internal auditor and reviews and discusses reports issued. Whilst senior executives do attend meetings of the Audit Committee as necessary, they are not members of the Committee, and the Committee meets with the external auditors on their own once a year for independent discussions.

### **Effectiveness of the system of internal control**

The University Executive Board (previously Vice-Chancellor's Executive Group) has undertaken its annual review of the effectiveness of internal control arrangements for the period. No significant internal control weaknesses or failures had been identified during the financial year or prior to the signing of the financial statements. This review is informed by:

- The work of the internal auditors and other external sources of assurances
- Comments made by the University's external auditors in their management letters and other reports
- The work of the executive managers within the University who have responsibility for the development and maintenance of the internal control framework

A proactive approach to the continuous improvement of the internal control framework had been demonstrated throughout the period.

The outcome of the review of the effectiveness of the University's internal control arrangements has been reviewed and endorsed by the Audit Committee.

Based on the advice of the Audit Committee and the Vice-Chancellor & Chief Executive, the Board is of the opinion that the University has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for the effective and efficient use of resources, the solvency of the institution and the safeguarding of its assets.

### **Going concern**

As part of the Board's consideration of the appropriateness of adopting the going concern basis in preparing the annual report and financial statements, a range of scenarios have been reviewed. These consider student recruitment (particularly against a fixed UK undergraduate fee), income from online provision, partnerships and research and knowledge exchange.

Given that, at the time of approving the financial statements, recruitment for the coming year is known with much more certainty; numbers have held up and are in line with the forecasts and Business Plan approved by the Board. This Plan approved a deficit for the financial year 2022/23 drawing on reserves to enable us to invest in strategically important projects, including investment in online teaching and new product development.

The decision to approve a further deficit was against a background of healthy cash balances which have been built up over several years and, as such, the Board considers that the University has adequate resources to continue in operational existence for the at least the next twelve months and it is appropriate to adopt the going concern basis in preparing the financial statements.

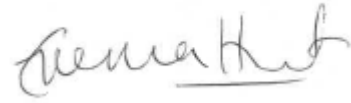


**Falmouth University  
Corporate governance**

**Approved by order of the members of the Board on 25 November 2022 and signed on its behalf by:**



Chris Pomfret OBE  
Chair of the Board of Governors



Professor Emma Hunt  
Vice-Chancellor & Chief Executive

**Statement of responsibilities of the  
Board of Governors of  
Falmouth University**

**Statement of responsibilities of the Board of Governors in respect of the annual report and the financial statements**

The Board of Governors is responsible for preparing the Annual Report and the financial statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for Higher Education Institutions and Research England's Terms and Conditions of Research England Grant and applicable law and regulations.

It is required to prepare the group and parent University 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*. The Terms and Conditions of Funding further require the financial statements to be prepared in accordance with the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction') and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education

The Board of Governors is required to prepare financial statements which give a true and fair view of the state of affairs of the group and of the parent University and of their income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows for that period. In preparing each of the group and parent University financial statements, the Board of Governors is 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 and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent University'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 it either intends to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Board of Governors is also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Articles of Government funds provided by the Office for Students, UK Research and Innovation (including Research England) and the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and

**Statement of responsibilities of the  
Board of Governors of  
Falmouth University**

- securing the economical, efficient and effective management of the University's resources and expenditure.

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

A handwritten signature in black ink, appearing to read 'Robyn Wyatt', is positioned above the printed name.

Signed:  
Robyn Wyatt  
Secretary to the Board of Governors

25 November 2022

**Independent auditor's report to the  
Board of Governors of  
Falmouth University**

## **Report on the audit of the financial statements**

### **Opinion**

We have audited the financial statements of Falmouth University ("the University") for the year ended 31 July 2022 which comprise Consolidated and University Statement of comprehensive income, Consolidated and University statement of changes in reserves, Statement of Financial Position, Consolidated statement of cashflows 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 University's affairs as at 31 July 2022, and of the Group's and of the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- 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*.

### **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 Board of Governors has prepared the financial statements on the going concern basis as it does not intend to liquidate the Group or the University or to cease their operations, and as it has concluded that the Group and the University's financial position means that this is realistic. It has 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 Board of Governors conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board of Governors 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 Board of Governors 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 University'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 University will continue in operation.

**Independent auditor's report to the  
Board of Governors of  
Falmouth University**

## **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 management, 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 loan covenants and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition due to the non-complex revenue recognition criteria, which limits the opportunity to fraudulently manipulate revenue.

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 some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying and testing journal entries based on risk criteria and comparing the identified entries to supporting documentation. These included journals containing key words, journal entries made to unrelated accounts, journals posted to accounts that contain significant estimates and unusual journal entries to cash and borrowings.

### ***Identifying and responding to risks of material misstatement related to 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 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.

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

**Independent auditor's report to the  
Board of Governors of  
Falmouth University**

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.

**Other information**

The Board of Governors is responsible for the other information, which comprises the Report of the Governing Body, the Public Benefit Statement and the Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

**Board of Governors responsibilities**

As explained more fully in its statement set out on pages 22 and 23, the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines 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 University'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 it either intends to liquidate the Group or the parent University or to cease operations, or has 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](http://www.frc.org.uk/auditorsresponsibilities).

**Independent auditor's report to the  
Board of Governors of  
Falmouth University**

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction').

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

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

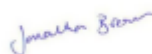
We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in Note 7 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 6 to the financial statements has been materially misstated.

We have nothing to report in these respects.

**THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

This report is made solely to the Board of Governors in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors 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 University and the Board of Governors for our audit work, for this report, or for the opinions we have formed.



**Jonathan Brown**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

Suite 23

BLOCK

Royal William Yard

Plymouth

PL1 3RP

**Falmouth University**  
**Consolidated and University**  
**Statement of comprehensive income**  
**for the year ended 31 July 2022**

**Consolidated and University Statement of comprehensive income for the year ended 31 July 2022**

	Note	Year to 31/7/22 Group £ (000)	Year to 31/7/22 University £ (000)	Year to 31/7/21 Group £ (000)	Year to 31/7/21 University £ (000)
<b>Income</b>					
Funding body grants	<b>2</b>	3,690	3,690	4,219	4,219
Tuition fees and education contracts	<b>3</b>	52,426	52,426	48,117	48,117
Research grants and contracts	<b>4</b>	449	449	580	580
Other income	<b>5</b>	6,490	6,555	5,846	5,883
Endowment and investment income	<b>6</b>	50	50	28	28
<b>Total income</b>		<b>63,105</b>	<b>63,170</b>	<b>58,790</b>	<b>58,827</b>
<b>Expenditure</b>					
Staff costs	<b>7</b>	33,864	33,961	31,337	31,402
Other operating expenses	<b>8</b>	29,070	29,034	28,459	28,417
Depreciation	<b>11</b>	3,904	3,904	3,911	3,911
Interest and other finance costs	<b>9</b>	1,182	1,182	596	596
		<b>68,020</b>	<b>68,081</b>	<b>64,303</b>	<b>64,326</b>
<b>(Deficit) before other gains and share of jointly controlled entity</b>		<b>(4,915)</b>	<b>(4,911)</b>	<b>(5,513)</b>	<b>(5,499)</b>
Loss on disposal of assets		-	-	(438)	(438)
Loss on investments		(50)	-	-	-
Share of operating surplus/(deficit) in jointly controlled entity	<b>12</b>	79	-	(1,124)	-
<b>(Deficit) before tax and (deficit) for year</b>		<b>(4,886)</b>	<b>(4,911)</b>	<b>(7,075)</b>	<b>(5,937)</b>
Actuarial gain/(loss) in respect of pension schemes	<b>21</b>	41,436	30,192	(6,607)	(4,844)
<b>Total comprehensive income for the year</b>		<b>36,550</b>	<b>25,281</b>	<b>(13,682)</b>	<b>(10,781)</b>

All income relates to continuing operations.

The notes on pages 33 to 62 form an integral part of the financial statements.



**Falmouth University  
Consolidated and University  
Statement of changes in reserves  
for the year ended 31 July 2022**

**Consolidated and University Statement of changes in reserves for the year ended 31 July 2022**

**Group**

	Income & Expenditure Account <i>Restricted</i> £ (000)	Income & Expenditure Account <i>Unrestricted</i> £ (000)	Revaluation Reserve £ (000)	Non- controlling Interest £ (000)	Total £ (000)
<b>Balance at 1 August 2021</b>	27	35,899	13,452	8	49,386
Deficit from the income and expenditure statement	-	(7,075)	-	(2)	(7,077)
Other comprehensive income	-	(6,607)	-	-	(6,607)
Transfers between revaluation and income and expenditure reserve	-	260	(260)	-	-
<b>Balance at 1 August 2021</b>	<b>27</b>	<b>22,477</b>	<b>13,192</b>	<b>6</b>	<b>35,702</b>
Deficit from the income and expenditure statement	-	(4,886)	-	(1)	(4,887)
Other comprehensive income	-	41,436	-	-	41,436
Transfers between revaluation and income and expenditure reserve	-	260	(260)	-	-
<b>Balance at 31 July 2022</b>	<b>27</b>	<b>59,287</b>	<b>12,932</b>	<b>5</b>	<b>72,251</b>

**University**

	Income & Expenditure Account <i>Restricted</i> £ (000)	Income & Expenditure Account <i>Unrestricted</i> £ (000)	Revaluation reserve £ (000)	Total £ (000)
<b>Balance at 1 August 2021</b>	27	41,876	-	41,903
Surplus from the income and expenditure statement	-	(5,937)	-	(5,937)
Other comprehensive income	-	(4,844)	-	(4,844)
Transfers between revaluation and income and expenditure reserve	-	-	-	-
<b>Balance at 1 August 2021</b>	<b>27</b>	<b>31,095</b>	<b>-</b>	<b>31,122</b>
Deficit from the income and expenditure statement	-	(4,911)	-	(4,911)
Other comprehensive income	-	30,192	-	30,192
Transfers between revaluation and income and expenditure reserve	-	-	-	-
<b>Balance at 31 July 2022</b>	<b>27</b>	<b>56,376</b>	<b>-</b>	<b>56,403</b>

The notes on pages 33 to 62 form an integral part of the financial statements.

**Falmouth University**  
**Statement of Financial Position**  
as at 31 July 2022

**Statement of Financial Position as at 31 July 2022**

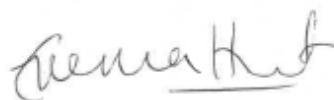
		Group 2022 £ (000)	University 2022 £ (000)	Group 2021 £ (000)	University 2021 £ (000)
<b>Fixed Assets</b>					
Tangible assets	<b>11</b>	109,460	109,431	110,471	110,442
Investment in subsidiary undertakings	<b>12</b>	-	4	-	4
Investment in associates	<b>12</b>	577	527	527	527
Interest in jointly controlled entity	<b>12</b>	15,893	-	4,570	-
		<hr/> 125,930	<hr/> 109,962	<hr/> 115,568	<hr/> 110,973
<b>Current Assets</b>					
Trade and other receivables	<b>13</b>	5,355	5,456	4,860	5,296
Cash at bank and in hand		22,675	22,165	24,714	24,151
		<hr/> 28,030	<hr/> 27,621	<hr/> 29,574	<hr/> 29,447
Less: Creditors – amounts falling due within one year	<b>14</b>	(11,109)	(10,580)	(9,614)	(9,472)
<b>Net current assets</b>		<hr/> 16,921	<hr/> 17,041	<hr/> 19,960	<hr/> 19,975
<b>Total assets less current liabilities</b>		142,851	127,003	135,528	130,948
Less: Creditors - amounts falling due after more than one year	<b>15</b>	(62,700)	(62,700)	(64,807)	(64,807)
<b>Provisions</b>					
Pension provision	<b>21</b>	(7,343)	(7,343)	(34,406)	(34,406)
Other provisions	<b>16</b>	(557)	(557)	(613)	(613)
<b>Net assets</b>		<hr/> 72,251	<hr/> 56,403	<hr/> 35,702	<hr/> 31,122
<b>Restricted reserves</b>					
Income and expenditure-Endowments	<b>17</b>	27	27	27	27
<b>Unrestricted reserves</b>					
Income and expenditure account		59,287	56,376	22,477	31,095
Revaluation reserve	<b>18</b>	12,932	-	13,192	-
Minority interest		5	-	6	-
<b>Total reserves</b>		<hr/> 72,251	<hr/> 56,403	<hr/> 35,702	<hr/> 31,122

The notes on pages 33 to 62 form an integral part of the financial statements.

The financial statements on pages 29 to 62 were approved by the Board of Governors on 25 November 2022 and signed on its behalf by:



C Pomfret OBE  
Chair of Governors



Professor E Hunt  
Vice-Chancellor & Chief Executive

**Falmouth University**  
**Consolidated statement of cashflows**  
**for the year ended 31 July 2022**

**Consolidated statement of cashflows for the year ended 31 July 2022**

	Year to 31/7/22	Year to 31/7/21
£ (000)	£ (000)	£ (000)
<b>Cash flow from operating activities</b>		
Deficit for the year	(4,886)	(7,075)
<b>Adjustment for non-cash items</b>		
Depreciation	3,904	3,911
Deferred capital grants released	(1,701)	(1,846)
Decrease in debtors	(563)	(2,571)
Increase in creditors	2,274	1,532
Increase in pension provision	2,561	1,712
Decrease in other provisions	(56)	(26)
Share of operating deficit in jointly controlled entity	(79)	1,124
Loss on disposal of assets	-	438
Loss on investments	50	-
Minority interest	(1)	(2)
<b>Adjustment for investing or financing items</b>		
Investment income	(50)	(28)
Interest payable	817	596
<b>Net cash outflow from operating activities</b>	<u>2,270</u>	<u>(2,235)</u>
<b>Cash flow from investing activities</b>		
Deferred capital grants received	80	1,008
Investment income	58	30
Investments	(50)	(499)
Payments made to acquire fixed assets	<u>(3,186)</u>	<u>(2,241)</u>
	(3,098)	(1,702)
<b>Cash flows from financing activities</b>		
Interest paid	(269)	(201)
Loan repayments in year	<u>(873)</u>	<u>(253)</u>
	<u>(1,142)</u>	<u>(454)</u>
<b>(Decrease)/Increase in cash and cash equivalents in the year</b>	(1,970)	(4,391)
Cash and cash equivalents at the beginning of the year	<u>24,632</u>	<u>29,023</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>22,662</u>	<u>24,632</u>

The notes on pages 33 to 62 form an integral part of the financial statements.

## **Notes to the consolidated financial statements for the year ended 31 July 2022**

### **1 - Principal accounting policies**

#### **Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standard (FRS) 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention.

Judgements made by management, 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.

#### **Going concern**

The Group and parent University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Report of the Governing Body. The Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Board of Governors considers to be appropriate for the following reasons.

The Board of Governors has prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements (the going concern period), which indicate that, taking account of severe but plausible downsides, including the anticipated impact of the COVID-19 pandemic, the Group and parent University will have sufficient funds to meet their liabilities as they fall due. In reaching this conclusion, the Board of Governors has considered the following factors.

Scenarios modelled included the impact of modified delivery for an extended period, reductions in student enrolments, and even delays to the start of the academic year. The key input to forecasts are student enrolments and retention and these have been stress-tested. Mitigating actions which could be taken following a decline in student numbers include a reduction in staff and direct costs. Currently, no need for further borrowing is foreseen.

The Board of Governors believe the Group and parent University have sufficient funding in place and expect the parent University to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Board of Governors is confident that the Group and parent University will have sufficient funds to continue to meet their 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.

**Falmouth University**  
**Notes to the consolidated financial statements**  
**for the year ended 31 July 2022**

**Basis of consolidation**

The consolidated financial statements include the University and its subsidiary companies, Falmouth Enterprises Limited, Falmouth Staffing Limited, Falmouth Agency Limited and Falmouth Ventures Limited. Intra-group sales and profits are eliminated fully on consolidation.

The 50% holding in the FX Plus Group represents an interest on a long-term basis which is jointly controlled with another party. As such the arrangement is treated as a jointly controlled entity and is accounted for using the equity method.

The University's policy is to consolidate the Students' Union only if its operations are material and if the University, at such time, is exercising significant influence on Union policy. Should the operation expand and become material it is likely that it would be more autonomous and independent of the University. The University does not currently consolidate the Students' Union on the basis that it does not exercise control.

**Accounting estimates and judgements**

***Key sources of estimation uncertainty***

The University 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 11 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 University 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 13 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 University's retirement benefit obligation and pension assets.

In response to the ongoing reform of RPI Hymans Robertson have changed their approach to setting the CPI assumption: an increase in the Inflation Risk Premium and a reduction in the long-term difference between RPI and CPI. The combined impact of this change is a circa £5.7m increase to the defined benefit obligation at 31 July 2022.

The mortality rate is based on publicly available mortality tables for the specific country. COVID-19 has caused a short-term increase in deaths in the UK but the excess deaths to date have not generally had a material impact on UK pension scheme liabilities. The future impact of COVID-19 on long term mortality improvements is currently uncertain with potential adverse implications of

**Falmouth University**  
**Notes to the consolidated financial statements**  
**for the year ended 31 July 2022**

delayed medical interventions and “long COVID” along with potential positive implications if the surviving population is less “frail” or the pandemic causes improved healthcare initiatives and lifestyle changes. Overall, the University believes there is insufficient evidence to require an explicit adjustment to the mortality assumption for COVID-19 at this time.

*Provisions*

The University calculates provisions for enhanced pension payments using the 10 year gilt yield index. The relocation provision assumes that eligible staff will claim the maximum agreed sum.

***Critical accounting judgements in applying the University’s accounting policies***

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

**Recognition of income**

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the Consolidated Statement of Comprehensive Income on a receivable basis.

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

**Grant funding**

Grant funding including funding council block grant, research grants from government sources and grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

**Donations and endowments**

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

**Falmouth University**  
**Notes to the consolidated financial statements**  
**for the year ended 31 July 2022 (continued)**

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

### **Capital grants**

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

### **Pension schemes**

Retirement benefits for the employees of the University are provided by the Teachers' Pension Scheme (TPS) for academic staff and by the Cornwall Council (CC) Superannuation Scheme for non-academic staff. A small number of employees are members of the Universities Superannuation Scheme (USS). These are defined benefit schemes which are contracted out of the State Earnings Related Pension Scheme. CC and USS are funded schemes and are valued every three years by professionally qualified independent actuaries.

TPS and USS are multi-employer schemes for which it is not possible to identify the assets and liabilities to the University's members due to the mutual nature of the schemes and therefore these schemes are accounted for as defined contribution retirement benefit schemes.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

### ***Defined Contribution Plan***

A defined contribution plan is a post-employment benefit plan under which the University pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

### ***Defined Benefit Plan***

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University'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 University. 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 University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

**Falmouth University**  
**Notes to the consolidated financial statements**  
**for the year ended 31 July 2022 (continued)**

***Enhanced Pensions***

The actual cost of any enhanced on-going pension to a former member of staff is paid by the University annually. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to the University's income statement in the year that the member of staff retires. The provision is calculated based on the total capital cost with an allowance for future investment returns in excess of inflation.

The provision set up is shown in note 16 and will be released each year in line with payments made and changes in the assumptions.

**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 University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

**Repairs and maintenance**

The University has a five-year rolling long-term maintenance plan, which forms the basis of the on-going maintenance of the estate. Expenditure on long term maintenance which does not either enhance an asset beyond its original condition or increase its expected economic life; and expenditure on all routine corrective maintenance, is charged to the income statement as incurred.

**Finance leases**

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

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

**Operating leases**

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

**Foreign Currencies**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates. Resulting exchange differences are included in the Statement of Comprehensive Income for the financial year.

**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 FE HE SORP were measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. The revaluation reserve was transferred to the income and expenditure reserve during the previous year as assets are no longer being revalued. A gain or loss on disposal of



**Falmouth University**  
**Notes to the consolidated financial statements**  
**for the year ended 31 July 2022 (continued)**

fixed assets is calculated as disposal proceeds less net book value brought forward at the date of disposal.

***Land and buildings***

Freehold land is not depreciated. Buildings are stated at cost and endowment assets are valued at market valuation on donation. Buildings and associated capital works are depreciated over their expected useful lives of 50 years (freehold) or the period of the lease (leasehold).

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 2022. They are not depreciated until they are brought into use.

***Fixtures, fittings & equipment***

Equipment, including computers and software, costing less than the de minimis threshold of £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	- 4 years
Motor vehicles	- 4 years
Musical instruments	- 10 years

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

**Accounting for goodwill and intangible fixed assets**

Goodwill arises on consolidation and is based on the difference between the fair value of the consideration given for the undertaking acquired and the fair value of its net assets at the date of acquisition. Goodwill is amortised over its estimated economic life. Impairment tests are carried out at the end of the first year and thereafter subject to normal periodic reviews for indications of impairment.

**Investments**

Non-current investments are included in the balance sheet at amortised cost less impairment.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the University's accounts.

Current asset investments are held at fair value with movements recognised in the Surplus or Deficit for the year.

**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.

**Falmouth University**  
**Notes to the consolidated financial statements**  
**for the year ended 31 July 2022 (continued)**

**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.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the University 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 discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

**Accounting for Joint Operations, Jointly Controlled Assets and Jointly Controlled Operations**

The University accounts for its share of jointly controlled entities using the equity method. The University accounts for its share of transactions from joint operations and jointly controlled assets in the Consolidated Statement of Comprehensive Income.

**Taxation**

*The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011, and, as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.*

The University receives no similar exemption in respect of Value Added Tax and falls under the partial exemption regime so that it can only recover a minor element of VAT charged on its inputs. 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 University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

**Falmouth University**  
**Notes to the consolidated financial statements**  
**for the year ended 31 July 2022 (continued)**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are provided where they are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

**Reserves**

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

The revaluation reserve has been transferred to the income and expenditure reserve as assets are no longer being revalued.

**Falmouth University**  
**Notes to the consolidated financial statements**  
**for the year ended 31 July 2022 (continued)**

**2 - Funding body grants**

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>31/7/22</b>	<b>31/7/22</b>	<b>31/7/21</b>	<b>31/7/21</b>
	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>
OFS recurrent grant	3,008	3,008	3,375	3,375
OFS deferred capital grants released in year				
- Buildings	321	321	321	321
- Equipment	361	361	523	523
	<u>3,690</u>	<u>3,690</u>	<u>4,219</u>	<u>4,219</u>

**3 - Tuition fees and education contracts**

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>31/7/22</b>	<b>31/7/22</b>	<b>31/7/21</b>	<b>31/7/21</b>
	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>
Full-time students	47,820	47,820	44,882	44,882
Full-time students charged overseas fees	3,644	3,644	2,199	2,199
Part-time students	815	815	900	900
Research fees	147	147	136	136
	<u>52,426</u>	<u>52,426</u>	<u>48,117</u>	<u>48,117</u>

**4 - Research grants and contracts**

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>31/7/22</b>	<b>31/7/22</b>	<b>31/7/21</b>	<b>31/7/21</b>
	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>
Other contracts	449	449	580	580
	<u>449</u>	<u>449</u>	<u>580</u>	<u>580</u>

**5 - Other income**

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>31/7/22</b>	<b>31/7/22</b>	<b>31/7/21</b>	<b>31/7/21</b>
	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>
Other income generating activities	91	73	42	25
Residences and catering operations	473	473	280	280
Other income (including European grants)	4,592	4,675	4,214	4,268
Recharges for the provision of combined services	315	315	308	308
Deferred capital grants	1,019	1,019	1,002	1,002
	<u>6,490</u>	<u>6,555</u>	<u>5,846</u>	<u>5,883</u>

During the year, Falmouth University received digital assets from Kneehigh Theatre to be used in its Archive Collection. These are restricted to use in the delivery of its charitable objects. No value was attributed to these assets on acquisition.

**Falmouth University**  
**Notes to the consolidated financial statements**  
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**6 - Endowment and investment income**

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>31/7/22</b>	<b>31/7/22</b>	<b>31/7/21</b>	<b>31/7/21</b>
	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>
Bank deposit interest	50	50	28	28
	50	50	28	28

The source of grant and fee income, included in notes 2 to 4 is as follows:

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>31/7/22</b>	<b>31/7/22</b>	<b>31/7/21</b>	<b>31/7/21</b>
	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>
Grant income from the OfS	3,690	3,690	4,219	4,219
Grant income from other bodies	449	449	580	580
Fee income for research awards	147	147	136	136
Fee income for taught awards	52,279	52,279	47,981	47,981
	56,565	56,565	52,916	52,916

**7 - Staff costs**

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>31/7/22</b>	<b>31/7/22</b>	<b>31/7/21</b>	<b>31/7/21</b>
	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>
Wages and salaries	25,639	25,736	22,963	23,749
Social security costs	2,006	2,006	2,283	1,933
Other pension costs	6,219	6,219	6,091	5,720
	33,864	33,961	31,337	31,402

**Approach to remuneration**

a) The competitive environment

Falmouth is a specialist University and Creative Innovation Hub, with over 6,000 students. The University operates in the UK, EU and international student markets for undergraduate, Masters level and PhD programmes. The University operates innovation, research and commercial ventures programmes for regional, national and international impact.

The University's Strategy commits the institution to major growth in student numbers over the next decade through diversification of academic programmes, and to a major rebalancing of income sources through innovation, research and commercial ventures. The full strategy can be viewed here: <https://www.falmouth.ac.uk/corporate/strategicplan>

b) Remuneration Policy

The policy for the Senior Management Team Performance Related Pay Scheme can be found at:

<https://www.falmouth.ac.uk/file/39735/download>

[https://www.falmouth.ac.uk/sites/default/files/download/annual\\_senior\\_staff\\_remuneration\\_report-3-pdf](https://www.falmouth.ac.uk/sites/default/files/download/annual_senior_staff_remuneration_report-3-pdf) and this sets out the principles and process to be followed in determining variable pay across the institution.

**Falmouth University**  
**Notes to the consolidated financial statements**  
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Variable pay is determined following an assessment of both the financial performance of the institution and also an assessment of performance against personal objectives as set out in the annual performance appraisal process.

Base pay is reviewed for each designated postholder and this is considered in two distinct areas:

- **Cost of Living:** Consideration is given on whether any inflationary increase to base pay should be made to reflect cost of living pressures. In reaching this decision the committee consider a range of inflation indices, the trend of these over the year as well as considering the outcome of the annual New JNCHES pay negotiations. Any decision to apply a cost of living increase to base pay would be applied equally to all designated post-holders.
- **Individual base pay:** Separately to the decision on cost of living the committee will also consider individual base pay to see whether the remuneration for the role has become out of kilter with the market. In order to undertake this analysis data published by the Universities and Colleges Employers Association is used to benchmark across relevant institutions in the sector as well as looking at analysis of internal salary distributions and giving consideration to any changes or developments to the role during the period that may justify an amendment to remuneration.

### **Institutional performance**

#### c) Performance pay

As set out in the Senior Management Team Performance Related Pay Scheme (linked above) performance pay is based on two components: (i) institutional performance based on achievement of annual targets for achievement of the budgeted surplus, budgeted income targets, income diversification metrics, and metrics related to teaching excellence; and (ii) individuals' achievement of their personal objectives in relation to the Strategic Plan. For (ii) individuals work to annually agreed, measurable objectives agreed with their line manager. Remuneration Committee considers written reports on achievement of, or progress against, their objectives, with relevant supporting commentary and data. Staff are not grouped into categories of performance but are considered on an individual basis.

In reaching any decision about performance related pay the committee give due consideration to a range of factors including:

- the financial performance of the university,
- levels of student recruitment,
- retention and satisfaction,
- development of partnerships, research and innovation programmes, commercial ventures, and external relations that help to diversify Falmouth University's academic portfolio and income streams as well as embed the University as an anchor institution for supporting the Cornish economy.

To assist in these deliberations the committee are presented with the following:

- Information detailing the institution-wide performance metrics
- An assessment of each individual's performance against agreed objectives
- Benchmarking data for base salary of comparator roles

#### d) Institutional performance in relation to key indicators for performance pay

In 2021/22, the University met its target deficit, as detailed in the published annual accounts (target - 2.0%, final outcome -1.1%). Therefore, this component of Performance Related Pay was achieved. However, other annual institutional targets were not achieved.

#### e) Total funds distributed for performance pay

**Falmouth University**  
**Notes to the consolidated financial statements**  
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The total value of all payments awarded by the Remuneration Committee for the 2021/22 period is £nil following the decision by the Remuneration Committee to only award a cost of living increases to base pay for Designated Post Holders for 2021/22.

f) Aggregate disclosure of how funds for performance pay were distributed

No performance award was allocated for the 2021/22 financial year.

g) Assessment of the Vice-Chancellor & Chief Executive's performance

In assessing the Vice-Chancellor & Chief Executive's performance for 2021/22, the Remuneration Committee considered the following:

- Key metrics listed in (b) above, including the challenging recruitment environment for full time, UK undergraduate students, achievement of improved year-on-year student retention, and a reduction in some key National Student Survey metrics

- Full achievement of all personal objectives agreed with the Chair of the Board in 2021/22

h) Total remuneration for the Vice-Chancellor

Following deliberations at Remuneration Committee the decisions for the Vice-Chancellor remuneration, along with comparisons against the previous year, are shown in the table below:

<b>Remuneration for the Vice-Chancellor</b>	<b>2021/22</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>Prof E Hunt</b>	<b>Prof A Carlisle</b>	<b>Prof A Carlisle</b>
	01/01/22- 31/07/22	01/08/21- 31/12/21	01/08/20- 31/07/21
Salary	£110,834	£123,214	£228,689
Payment in lieu of notice	-	£48,140	-
Benefits	£476	£5,320	£3,479
<b>Subtotal</b>	<b>£111,310</b>	<b>£176,674</b>	<b>£232,168</b>
Pension / payment in lieu of pension costs	£23,053	£13,963	£33,114
<b>Total</b>	<b>£134,363</b>	<b>£190,637</b>	<b>£265,282</b>

i) Pay multiples

The Remuneration Committee also note the requirement to consider and publish the pay multiple of the Vice-Chancellor & Chief Executive in comparison to the rest of the organisation.

It is noted that the calculation required by the Committee of University Chairs' Senior Staff Remuneration Code differs slightly from the calculation required by the Office for Students Accounts Directions and therefore for clarity each ratio is published below.

Using the CUC directed calculation, the pay multiple of the Vice-Chancellor & Chief Executive and the median earnings of the institutions whole workforce is 6.38 to 31/12/21 and 5.23 from 01/01/22 (2020/21: 6.39).

Using the OfS directed calculation, the pay multiple of the Vice-Chancellor & Chief Executive and the median earnings of the institutions whole workforce is 6.4 to 31/12/21 and 5.2 from 01/01/22 (2020/21: 6.4).

Using the OfS directed calculation, the total remuneration multiple of the Vice-Chancellor & Chief Executive and the total remuneration earnings of the institutions whole workforce is 6.39 to 31/12/21 and 5.98 from 01/01/22 (2020/21: 6.25).

**Falmouth University**  
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**for the year ended 31 July 2022 (continued)**

**External Appointments and Expenses**

It is often helpful to the University for its staff to hold non-executive director or trustee roles. Any such appointment is agreed in advance with the line manager, including any declaration of income to be received.

The Vice-Chancellor & Chief Executive holds the following external appointments:

Current directorships of:

- Falmouth Enterprises Ltd
- Falmouth Ventures Ltd
- Falmouth Staffing Ltd
- Falmouth Agency Ltd
- Falmouth Exeter Plus (from 1 September 2022)

Whilst not formal appointments, the Vice-Chancellor & Chief Executive also sits on a number of Boards where this develops a wider network that is advantageous to the University. None of these appointments are remunerated and includes the following Boards:

- Cornwall & Isles of Scilly Local Enterprise Partnership
- CloS LEP Creative Industries Taskforce
- Cornwall & Isles of Scilly Prosperity Advisory Panel
- Cornwall & Isles of Scilly Executive Group
- Great South West Partnership Board
- Knowledge Exchange Concordat Strategic Group
- Universities UK Economic & Social Recovery Task & Finish Group
- Universities UK Specialist Institutions Forum
- Universities UK Student Policy Network
- Universities UK Funding Policy Network
- Universities UK Research & Innovation Policy Network
- Shape of Tomorrow Group
- Tyller A North Strategic Development for Culture Board
- Creative Industries Federation Creative Education and Careers Working Group
- British Academy Skills Steering Group

The University has a single scheme for payment of expenses that is applicable to all employees.

Basic salary of higher paid staff excluding Vice-Chancellor (excluding employer's pension contributions):

	<b>Group</b> <b>31/7/22</b> <b>Number</b>	<b>University</b> <b>31/7/22</b> <b>Number</b>	<b>Group</b> <b>31/7/21</b> <b>Number</b>	<b>University</b> <b>31/7/21</b> <b>Number</b>
£110,000 - £114,999 pa	1	1	2	2
£125,000 - £129,999 pa	1	1	2	2
£130,000 - £134,999 pa	1	1	-	-
£145,000 - £149,999 pa	1	1	-	-



**Falmouth University**  
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**Average staff numbers (FTEs) by major**

<b>category:</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Academic departments	326	282	310	280
Research & innovation	30	11	30	17
Academic support services	85	38	84	43
Administration	135	61	119	66
	576	392	543	406

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. The University views its Vice-Chancellor's Executive Group (UEB) as its key management personnel.

This consists of following roles:

- Vice-Chancellor & CEO
- Provost & Deputy Vice Chancellor
- Deputy Vice-Chancellor (Research and Innovation) (to 31 January 2022)
- Chief Operating Officer
- Pro Vice-Chancellor (Marketing and Engagement)
- Executive Director, Finance, Audit & Risk
- Executive Director, People & Culture (from 1 June 2022)
- Strategic Advisor to the Vice-Chancellor

Staff costs includes compensation paid to key management personnel.

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>31/7/22</b>	<b>31/7/22</b>	<b>31/7/21</b>	<b>31/7/21</b>
	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>
Key management personnel remuneration	1,201	1,201	941	941

**Governors acting as Trustees**

No governor has received any remuneration or waived payments from the group during the year (2021: none). The total expenses paid to or on behalf of five governors was £3,020 (2020/21: £253 paid to three governors). This represents travel and subsistence expenses incurred in attending Board, committee meetings and charity events in their official capacity.

**Access and Participation**

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>31/7/22</b>	<b>31/7/22</b>	<b>31/7/21</b>	<b>31/7/21</b>
	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>
Access Investment	934	934	902	902
Financial Support	-	-	-	-
Disability Support	107	107	100	100
Research and Evaluation	107	107	107	107
	1,148	1,148	1,109	1,109

**Falmouth University**  
**Notes to the consolidated financial statements**  
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**8 - Other operating expenses**

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>31/7/22</b>	<b>31/7/22</b>	<b>31/7/21</b>	<b>31/7/21</b>
	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>
Teaching materials and expenses	3,190	3,190	3,302	3,890
Partnership teaching costs	6,436	6,436	4,728	4,728
Library and learning resource costs	1,661	1,661	1,635	1,635
IT support costs	2,434	2,434	2,708	2,708
Student support costs	1,609	1,609	1,515	1,515
Recruitment and restructuring costs	180	180	226	226
Research costs	543	543	722	722
Auditors remuneration - external audit fees	74	71	69	66
Auditors remuneration - internal audit fees	3	3	14	14
Auditors remuneration - non audit fees	-	-	-	-
Administrative expenses	2,701	2,685	3,186	3,163
Advertising and promotional expenses	2,109	2,109	1,834	1,834
Bursaries payable	757	757	1,351	1,351
Heat, light, rates and water	1,839	1,839	1,419	1,419
Repairs and maintenance to premises	4,970	4,970	5,203	5,203
Inter-campus transport	19	19	40	40
Rents and property leases	73	73	159	159
Other income generation costs	476	459	348	332
	<b>29,074</b>	<b>29,038</b>	<b>28,459</b>	<b>28,417</b>

**9 - Interest and other finance costs**

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>31/7/22</b>	<b>31/7/22</b>	<b>31/7/21</b>	<b>31/7/21</b>
	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>
On bank loans not wholly repayable within five years	249	249	200	200
Pension finance costs	933	933	396	396
	<b>1,182</b>	<b>1,182</b>	<b>596</b>	<b>596</b>

**Falmouth University**  
**Notes to the consolidated financial statements**  
**for the year ended 31 July 2022 (continued)**

**10a - Analysis of 2021/22 expenditure by activity - Group**

	Staff costs £ (000)	Other operating expenses £ (000)	Depreciation £ (000)	Interest payable £ (000)	2021/22 Total £ (000)	2020/21 Total £ (000)
Academic departments	19,851	9,758	865	-	30,474	27,512
Academic support services	2,106	4,301	541	-	6,948	7,406
Research grants & contracts	1,393	543	-	-	1,936	2,072
Residences and catering	214	-	-	-	214	1,087
Premises	-	6,952	2,472	249	9,673	9,460
Administration & central services	9,846	7,035	17	933	17,831	16,079
Other services	454	481	9	-	944	687
<b>Total</b>	<b>33,864</b>	<b>29,070</b>	<b>3,904</b>	<b>1,182</b>	<b>68,020</b>	<b>64,303</b>

The depreciation charge has been funded by:

Deferred capital grants	1,702
General income	2,202
	3,904

**10b - Access and Participation**

	Group 31/7/22 £ (000)	University 31/7/22 £ (000)	Group 31/7/21 £ (000)	University 31/7/21 £ (000)
Access Investment	1,682	1,682	1,304	1,304
Financial Support (i)	713	713	1,203	1,203
Disability Support	541	541	524	524
Research and Evaluation (ii)	228	228	335	335
	<b>3,164</b>	<b>3,164</b>	<b>3,366</b>	<b>3,366</b>

- (i) Included in Financial Support in 2020/21 is additional expenditure following the receipt of hardship funding from OfS.
- (ii) £107k (2020/21: £107k) of these costs are already included in the overall staff costs figures included in the financial statements, see note 7.

The University's Access and Participation plan can be found at the following link:

<https://www.falmouth.ac.uk/study/tuition-fees/undergraduate#access-and-participation>

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**Notes to the consolidated financial statements**  
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**11 - Fixed asset schedule**

<b>Group</b>	<b>Assets in the course of construction £ (000)</b>	<b>Land and buildings £ (000)</b>	<b>Fixtures, fittings &amp; equipment £ (000)</b>	<b>Total £ (000)</b>
<b>Cost or valuation</b>				
B/f as at 1 August 2021	941	121,947	20,741	143,629
Additions	209	1,413	1,271	2,893
Transfers	(936)	892	44	-
C/f as at 31 July 2022	214	124,252	22,056	146,522
<b>Depreciation</b>				
B/f as at 1 August 2021	-	14,653	18,505	33,158
Charge for the year	-	2,342	1,562	3,904
C/f as at 31 July 2022	-	16,995	20,067	37,062
<b>Net book value</b>				
As at 31 July 2021	941	107,294	2,236	110,471
As at 31 July 2022	214	107,257	1,989	109,460
<b>University</b>				
<b>Cost or valuation</b>				
B/f as at 1 August 2021	941	122,031	20,402	143,374
Additions	209	1,413	1,271	2,893
Transfers	(936)	892	44	-
C/f as at 31 July 2022	214	124,336	21,717	146,267
<b>Depreciation</b>				
B/f as at 1 August 2021	-	14,653	18,279	32,932
Charge for the year	-	2,342	1,562	3,904
C/f as at 31 July 2022	-	16,995	19,841	36,836
<b>Net Book Value</b>				
As at 31 July 2021	941	107,378	19,841	110,442
As at 31 July 2022	214	107,341	1,876	109,431

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

Land and buildings were professionally valued on the basis of depreciated replacement cost by Alder King, Chartered Surveyors, Newham Road, Truro on 31 July 2014. Properties have been valued on the basis of depreciated replacement cost.

**Falmouth University**  
**Notes to the consolidated financial statements**  
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**12 - Investment assets**

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>
Investment in subsidiary companies	-	4	-	4
Interest in associates	577	527	527	527
Interest in jointly controlled entity	-	-	-	-
	<b>577</b>	<b>531</b>	<b>527</b>	<b>531</b>

The University owns 100% of the issued share capital of the following companies:

<b>Name</b>	<b>Company registered number</b>
Falmouth Enterprises Limited (FEL)	2517317
Falmouth Ventures Limited (FVL)	10720916
Falmouth Agency Limited (FAL)	11105902
Falmouth Staffing Limited (FSL)	11578921

The principal activity of FEL is the provision of services to businesses which include the use of the Media, Photography, Performance and Design Centres' facilities and staff expertise.

FVL has been set up to hold Launchpad activity. The accounts of FVL are unaudited as it has claimed exemption under s479A Companies Act 2006. The University has provided a guarantee in respect of all of the company's outstanding liabilities at 31 July 2022.

The principal activity of FAL is the operation of an employment agency for student workers. The accounts of FAL are unaudited as it has claimed exemption under s479A Companies Act 2006. The University has provided a guarantee in respect of all of the company's outstanding liabilities at 31 July 2022.

The principal activity of FSL is the provision of human resources for professional services staff. The accounts of FSL are unaudited as it has claimed exemption under s479A Companies Act 2006. The University has provided a guarantee in respect of all of the company's outstanding liabilities at 31 July 2022.

All of the above are companies registered in England and Wales

The University also owns 50% of Falmouth Exeter Plus (FX Plus); a company limited by guarantee which in turn owns 100% of the issued share capital (100 £1 Ordinary Shares) in Tremough Development Vehicle Ltd (TDV) and 100% of the issued share capital (2 £1 Ordinary Shares) in Cornwall Plus Limited. These jointly controlled entities with University of Exeter (UoE) have been established to provide the operational aspects (through FX Plus and Cornwall Plus) and construction (through TDV) of the Penryn campus.

The objects of FX Plus are to advance the education of the public by providing and assisting in the provision of higher education facilities in Cornwall.

**Falmouth University**  
**Notes to the consolidated financial statements**  
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In accordance with FRS 102, the Group is required to disclose its share of assets and liabilities in FX Plus. As at the year end these were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ (000)</b>	<b>£ (000)</b>
Share of fixed assets	37,652	39,040
Share of current assets	1,920	1,386
Share of current liabilities	(3,851)	(4,340)
Share of long-term liabilities	(17,802)	(19,300)
Share of pension liability	(2,026)	(12,216)
	<u>15,893</u>	<u>4,570</u>
Share of income	<u>17,343</u>	<u>15,733</u>
Share of surplus/(deficit) for the year	79	(1,124)
Share of tax payable	-	-
Share of total comprehensive income	11,244	(1,763)

Interest in associates comprises:

<b>Name</b>	<b>Company number</b>	<b>Shares</b>	<b>% shareholding</b>
Hertzian Limited	9753777	302	24.7
Waterbear Education Limited	11023994	4,037,222	9

In August 2021 the University invested £0.5m for a 10% share in Waterbear Education Ltd. This company provides music education in Brighton with values that mirror those of the University.

Hertzian is a spin-out company mentored by the University. Shares in this company were gifted on incorporation. No value has been included in the financial statements on the basis that it is not material.

Other non-current investments of the University comprise:

<b>Name</b>	<b>Company number</b>	<b>Shares</b>	<b>% shareholding</b>
Atlantic Press Limited	5122849	10	10
Stream TV Limited	8471003	100	5

Shares in these companies were gifted to the University and no value was attributed on acquisition.

All companies are registered in England and Wales and operate in the UK.

**Falmouth University**  
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**13 - Debtors**

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>
Fees and charges	3,364	3,364	1,727	1,727
Trade debtors	864	864	805	804
Prepayments and accrued income	1,441	1,430	1,234	1,226
ERDF and ESF grants due	439	439	990	990
Amounts owed by group undertakings	-	112	-	445
Amounts owed by jointly controlled entities	-	-	695	695
Sundry debtors	15	15	17	17
Bad debt reserve	(768)	(768)	(608)	(608)
	<u>5,355</u>	<u>5,456</u>	<u>4,860</u>	<u>5,296</u>

**14 - Creditors – amounts falling due within one year**

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>
Bank loan	826	826	878	878
Bank overdraft	13	13	82	82
Trade creditors	1,158	1,158	1,058	1,057
Accruals and deferred income	7,599	7,310	6,500	6,469
Social security and other taxation	1,154	914	1,052	942
Amounts owed to jointly controlled entities	217	217	-	-
Other creditors	142	142	44	44
	<u>11,109</u>	<u>10,580</u>	<u>9,614</u>	<u>9,472</u>

**15 - Creditors – amounts falling due after more than one year**

	<b>Group and University</b>	
	<b>2022</b>	<b>2021</b>
	<b>£ (000)</b>	<b>£ (000)</b>
Accruals and Deferred income	51,878	53,164
Bank loans	10,822	11,643
	<u>62,700</u>	<u>64,807</u>

Deferred income includes grants receivable in respect of funding for construction costs of the buildings at Penryn. Funders include the Ministry of Housing, Communities and Local Government, and Cornwall Council.

	<b>Group and University</b>	
	<b>2022</b>	<b>2021</b>
	<b>£ (000)</b>	<b>£ (000)</b>
Amounts repayable on loans:		
In one year or less	826	878
In more than one year but not more than two years	809	820
In more than two years but not more than five years	2,272	2,428
In more than five years	7,741	8,395
	<u>11,648</u>	<u>12,521</u>

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	<b>Amount</b> <b>£ (000)</b>	<b>Term</b>	<b>Interest rate</b> <b>%</b>
Lloyds Bank plc	17	2022	0.2% above base rate
Lloyds Bank plc	2,256	2035	2.25% above base rate
RBS	9,375	2027	1.3% above base rate
	<hr/> 11,648 <hr/>		

**16 - Provisions for liabilities**

<b>Group &amp; University</b>	<b>Enhanced Pension Provision £ (000)</b>	<b>Relocation costs £ (000)</b>	<b>Total £ (000)</b>
Balance at 1 August 2021	534	79	613
Transferred from Income and expenditure	-	59	59
Utilised in the year	(36)	(79)	(115)
Balance at 31 July 2022	<hr/> 498 <hr/>	<hr/> 59 <hr/>	<hr/> 557 <hr/>

The enhanced pension provision represents an estimate of the expected future cost of enhancements to the pensions of qualifying staff. These have been negotiated on an individual basis with staff taking early retirement, or in two cases, have been inherited as part of contractual terms. The number of employees to which the pension relates was 15 at 31 July 2022. The provision is calculated based on the total capital cost with an allowance for future investment returns in excess of inflation.

Provision has also been made for relocation costs of up to £8,000 per employee less amounts already claimed expected to relocate. The number of employees to which the provision relates was 18.

**17 - Endowments**

	<b>Group and University</b>	
	<b>2022</b>	<b>2021</b>
<b>Permanent and expendable endowments</b>	<b>£ (000)</b>	<b>£ (000)</b>
Balance brought forward	27	27
Bursaries awarded	-	-
Balance carried forward	<hr/> 27 <hr/>	<hr/> 27 <hr/>

Endowment assets relate to two Denis Mitchell sculptures and a Michael Finn painting donated to and held in the University at valuation.



**Falmouth University**  
**Notes to the consolidated financial statements**  
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**18 - Revaluation reserve**

	<b>Group 2022 £ (000)</b>	<b>University 2022 £ (000)</b>	<b>Group 2021 £ (000)</b>	<b>University 2021 £ (000)</b>
Balance brought forward	13,192	-	13,452	-
Share of movement in jointly controlled entity's revaluation reserve	(260)	-	(260)	-
	<u>12,932</u>	<u>-</u>	<u>13,192</u>	<u>-</u>

**19 - Analysis of changes in net funds**

	<b>At 1 Aug 2021 £ (000)</b>	<b>Cashflow: £ (000)</b>	<b>At 31 July 2022 £ (000)</b>
Cash and cash equivalents	24,714	(2,039)	22,675
Overdraft	(82)	69	(13)
<b>Total</b>	<u>24,632</u>	<u>(1,970)</u>	<u>22,662</u>

**20 - Consolidated reconciliation of net funds**

	<b>31 July 2022 £ (000)</b>	
<b>Net funds 1 August 2021</b>	<b>12,111</b>	
Movement in cash and cash equivalents	(1,970)	
Other non cash changes	873	
<b>Net funds 31 July 2022</b>	<u><b>11,014</b></u>	
<b>Analysis of net funds:</b>	<b>31 July 2022 £ (000)</b>	<b>31 July 2021 £ (000)</b>
<b>Cash and cash equivalents</b>	<b>22,675</b>	<b>24,714</b>
<b>Borrowings: amounts falling due within one year</b>		
Secured loans	(826)	(878)
Bank Overdraft	(13)	(82)
	<u>(839)</u>	<u>(960)</u>
<b>Borrowings: amounts falling due after more than one year</b>		
Secured loans	(10,822)	(11,643)
	<u>(10,822)</u>	<u>(11,643)</u>
<b>Net funds</b>	<u><b>11,014</b></u>	<u><b>12,111</b></u>

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**21 - Pension schemes (Group and University)**

The University's employees belong to two principal pension schemes, the Teachers' Pensions Scheme (TPS) and the Cornwall Pension Fund. The total pension cost for the period was as follows:

	<b>31/7/22</b>	<b>31/7/21</b>
	<b>£ (000)</b>	<b>£ (000)</b>
CC Pension Scheme: Charge to the Income and expenditure account (note 7)	3,636	3,330
USS Pension Scheme: contributions paid (note 7)	112	6
Teachers' Pension Scheme: contributions paid (note 7)	<u>2,471</u>	<u>2,384</u>
	6,219	5,720
Enhanced pension charge to Income and expenditure account (note 16)	<u>21</u>	<u>33</u>
Total pension cost for the year	<u>6,240</u>	<u>5,753</u>

**Teachers' Pension Scheme (TPS)**

The Teachers' Pension Scheme is accounted for as a defined contribution pension scheme on the basis that it is not possible for the scheme to separately identify the University's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis.

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities (LAs), to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers or lecturers and from 1 January 2007 automatic too for teachers or lecturers in part-time employment following appointment or a change of contract. Teachers are able to opt out of the TPS.

Although teachers are employed by LAs and various other bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account will be credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Not less than every four years, with a supporting interim valuation in-between, the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

Contributions are assessed in two parts. Firstly, a standard contribution is determined. This is the contribution, expressed as a percentage of the salary of a teacher / lecturer entering service, which would defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by normal contributions to be paid in future and by the fund built up from past contributions.

The last valuation of the TPS was carried out as at 31 March 2016. The GA's report revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future

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benefits) amounted to £218,100m. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £196,100m. The assumed real rate of return is 2.4% in excess of prices. The rate of real earnings growth is assumed to be 2.2%. The assumed gross rate of return is 4.45%.

Employees pay tiered contribution rates ranging from 7.4% to 11.7% according to their salary band. Employer rates are 23.68%.

**Retirement benefits disclosure**

The University is a member of the Cornwall Council Pension Scheme, a funded defined benefit scheme in the UK. The total contribution made for the year ended 31 July 2022 was £2,031k (2021: £2,115k) of which employer's contributions totalled £1,590k (2021: £1,639k) and employees' contributions totalled £441k (2021: £476k).

The actuarial valuation of the scheme at 31 March 2019 showed a deficit of £207m. Employers' contribution rates during the year were 18.1% plus an annual lump sum of £376,000. In 2022/23 the rate will be 18.1% and the lump sum £376,000. Employees pay tiered contributions and these were between 5.5% and 12.5% (2021: 5.5% to 12.5%).

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 rolled forward to 31 July 2022 by a qualified independent actuary. For this purpose the rate used to discount the liabilities is based on the rate of return of an AA rated corporate bond and the investments have been valued at bid value.

**Actuarial assumptions**

The major assumptions used by the actuary were:

	<b>2022</b>	<b>2021</b>
	%	%
Rate of increase in salaries	2.7	2.8
Inflation - CPI	2.7	2.8
Rate of increase for pensions in payment	2.7	2.8
Discount rate for liabilities	3.5	1.6
Commutation of pensions to lump sums- membership post April 2008	70.0	70.0

**Commutation**

An allowance is included for future retirements to elect to take 40% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 70% of the maximum tax-free cash for post-April 2008 service.

	<b>Males</b>	<b>Females</b>
Current Pensioners (65 years of age as at last triennial valuation)	21.3 years	23.9 years
Future Pensioners (45 years of age as at last triennial valuation)	22.5 years	25.6 years

The fund actuaries have not updated the mortality assumption as at 31 July 2022 to reflect the potential effects of Covid-19. This is mainly because there remains uncertainty of the Covid-19 impact on long-term mortality rates for pension scheme members.

**Scheme assets**

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

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	Long-term rate of return expected at 31 July 2022	Bid value at 31 July 2022	Long-term rate of return expected at 31 July 2021	Bid value at 31 July 2021
	%	£(000)	%	£(000)
Equities	2.7	22,432	2.8	22,818
Bonds	2.7	15,660	2.8	14,411
Property	2.7	3,386	2.8	2,402
Cash	2.7	846	2.8	400
Estimated employers' share of scheme assets		42,324		40,031
Present value of scheme liabilities- Funded		(49,667)		(74,437)
<b>Deficit in the scheme</b>		<b>(7,343)</b>		<b>(34,406)</b>

The University employs a building block approach in determining the rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected rate of return for each asset class over the actual asset allocation for the Fund as at 31 July 2022.

**Actual return on assets**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Actual return on assets	153	3,987

**Analysis of the amount charged to Income and Expenditure account**

	<b>2022</b>	<b>2021</b>
	<b>£(000)</b>	<b>£(000)</b>
Current service cost	3,728	3,351
<b>Total operating charge</b>	<b>3,728</b>	<b>3,351</b>

**Analysis of pension finance costs**

	<b>2022</b>	<b>2021</b>
	<b>£(000)</b>	<b>£(000)</b>
Interest income on plan assets	(287)	(486)
Interest on pension scheme liabilities	1,220	882
<b>Net cost</b>	<b>933</b>	<b>396</b>

**Amount recognised in other comprehensive income (OCI)**

	<b>2022</b>	<b>2021</b>
	<b>£(000)</b>	<b>£(000)</b>
Actuarial gain/(loss) recognised in OCI in the year	30,192	(4,844)
Cumulative actuarial loss recognised in OCI at 1 August	(20,149)	(15,305)
<b>Cumulative actuarial gain/(loss) recognised in OCI at 31 July</b>	<b>10,043</b>	<b>(20,149)</b>

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**Asset and Liability Reconciliation**

	<b>2022</b>	<b>2021</b>
	<b>£ (000)</b>	<b>£ (000)</b>
<b>Reconciliation of Liabilities</b>		
<b>Liabilities at start of period</b>	74,437	61,415
Current service cost	3,728	3,351
Past service cost	58	-
Interest cost	1,220	882
Employee contributions	441	476
Remeasurements *1	(29,674)	8,831
Estimated benefits paid	(543)	(518)
Losses on curtailments	-	-
<b>Liabilities at end of period</b>	<u>49,667</u>	<u>74,437</u>

**Reconciliation of Assets**

<b>Assets at start of period</b>	40,031	33,961
Interest income on plan assets	652	486
Remeasurements *2	153	3,987
Employer contributions	1,590	1,639
Employee contributions	441	476
Estimated benefits paid (net of transfers in)	(543)	(518)
<b>Assets at end of period</b>	<u>42,324</u>	<u>40,031</u>

There has been a change in approach in allowing for inflation experience at 31 July 2022 to make allowance for the exceptionally high inflation over the period since September 2021. The Defined Benefit Obligation (DBO) at 31 July 2022 includes allowance for emerging experience up to July 2022, which has increased the DBO at 31 July 2022 by £2,502,000.

	<b>2022</b>	<b>2021</b>
	<b>£(000)</b>	<b>£(000)</b>
*1 Remeasurements of liabilities	29,674	(8,831)
*2 Remeasurements of assets	153	3,987
<b>Actuarial gain recognised in OCI at 31 July- University</b>	29,827	(4,844)
Share of joint venture's actuarial gain	11,244	(1,763)
<b>Actuarial gain recognised in OCI at 31 July- Group</b>	<u>41,071</u>	<u>(6,607)</u>

**History of liabilities, assets and experience adjustments**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>£(000)</b>	<b>£(000)</b>	<b>£(000)</b>	<b>£(000)</b>	<b>£(000)</b>
Scheme liabilities	(49,667)	(74,437)	(61,415)	(50,235)	(40,863)
Scheme assets	42,324	40,031	33,961	33,115	28,066
Deficit	(7,343)	(34,406)	(27,454)	(17,120)	(12,797)
Experience adjustments on Scheme liabilities	29,674	(8,831)	(6,623)	(5,040)	1,064
Experience adjustments on Scheme assets	153	3,987	(1,796)	2,235	1,324

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**Pension scheme – USS (Group and University)**

The total cost charged to the Statement of Comprehensive Income is £112K (2021: £11K). 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.

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The current life expectancies on retirement at age 65 are:

	<b>2022</b>	<b>2021</b>
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

## **22 - Capital commitments**

	<b>Group and University</b>	
	<b>2022</b>	<b>2021</b>
	<b>£ (000)</b>	<b>£ (000)</b>
Authorised but not committed	207	-
Commitments contracted at 31 July	<u>180</u>	<u>55</u>

Amounts authorised are in respect of works on capital projects for the Penryn and Falmouth campuses less commitments to date. Funding for these projects will be from new loan finance or internally generated cash. Commitments contracted relate to the design work that had been awarded to contractors at the year end date.

## **23 - Financial commitments**

The University guarantees 50% of FX Plus' bank loans totalling £19m as at the year end (total loans are £40m). These term loans are repayable over various terms up to 39 years and £12.4m is at a fixed interest rate. The commitment that sits with Falmouth has an annual repayment requirement of £1.1m whilst the remainder rests with FX Plus and is met through the annual rental income which, for 2022/23, is projected to be £10m.

The University and UoE have undertaken to pass on sufficient funds (including specific grants) to the FX Plus group to enable it to meet its contractual commitments to deliver the campus buildings and student accommodation at Penryn and to enable the group to continue to trade.

## **24 - Related-party transactions**

Due to the nature of the University's operations and the composition of the Board (with members being drawn from local, public and private sector organisations) it is inevitable that transactions will take place with organisations in which a Board member may have an interest. All transactions involving organisations in which a Board member may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures, which require individuals to declare any interest.

The financial statements include fees payable to Francis Clark LLP of £12,000 (2020/21: £120). Duncan Leslie (Board member) is a partner in this organisation.

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

The University holds a 50% share of FX Plus, a company limited by guarantee, having no share capital and for which exempt charitable status has been obtained. FX Plus is a jointly controlled entity owned equally by the University and UoE.

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FX Plus has been established to operate student and commercial services for the Penryn Campus under a shared services agreement.

The University and UoE have continued to guarantee sums of £9.3m and £6.25m each to Lloyds Bank Plc, in respect of the borrowings of £18.6m and £12.5m respectively to FX Plus. They have also guaranteed £10.25m each to Barclays Bank plc in respect of borrowings of £20.5m and £4m each to the European Investment Bank and Lloyds Bank plc in respect of borrowings of £8m.

Cornwall Plus Limited is a wholly owned subsidiary of FX Plus. It has been established to operate 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.

TDV is a wholly owned subsidiary of FX Plus. It was established to provide the construction of the main campus for the Combined Universities in Cornwall project based at Penryn and became dormant at the end of the previous year.

The FX Plus Group has capital commitments as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ (000)</b>	<b>£ (000)</b>
Authorised but not committed	413	-
Commitments contracted at 31 July 2022	361	110

Amounts authorised are in respect of various projects at the Penryn campus less commitments to date. These projects will be fully funded by the two institutions.

Transactions between the University and FX Plus (which are all shown on an arms' length basis) were as follows:

	<b>Purchases from related parties</b>	<b>Sales to related parties</b>	<b>Amounts owed to related party</b>	<b>Amounts owed by related party</b>
	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>	<b>£ (000)</b>
Falmouth Exeter Plus Group				
2022	14,141	184	217	-
2021	14,072	140	-	695

Balances due to and from the jointly controlled entity are shown in note 13 Debtors and note 14 Creditors – amounts due within one year.

### **Students' Union**

The Students' Union has not been consolidated in the University's financial statements because the University does not exercise a significant influence over its operations. Grants were paid to the Students' Union during the year as follows:

	<b>Year to 31/7/22</b>	<b>Year to 31/7/21</b>
	<b>£ (000)</b>	<b>£ (000)</b>
Block grant	520	516
Sports	30	30
	550	546



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**25 - Post Balance Sheet Event**

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly since 31 July 2022, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore while both gross DBOs and assets will have fallen, it is not possible to reliably estimate the impact of these changes on the net balance sheet position.