

FINANCIAL

STATEMENTS

to 31 July 2023



Falmouth University

Board of Governors (at date of signing)

Chair

Deputy Chair

Vice-Chancellor & Chief Executive

Audit Committee Chair

Independent Governors

Christopher Pomfret OBE

Julie Fielding

Professor Emma Hunt

Diane Grannell

Bob Fahy

David Harland

Tim Jones

Helen Owers

Professor Ruth Heholt

Rob Ingram

Hannah de Oliveira Whitlock

Academic Staff Governor

Professional Services Staff Governor

Students' Union President - Falmouth

Other Officers (at date of signing)

Pro Vice-Chancellor (Research & Knowledge Exchange)

Pro Vice-Chancellor (Marketing & Engagement)

Executive Director, Estates, Infrastructure & Operations

Executive Director, Finance, Audit & Risk

Executive Director, People & Culture

Secretary to the Board

Professor David Prior

Justin Scott

Simon Foster

Rob Holmes

Christine Turton

Robyn Wyatt

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Cover image: Safwan Chowdhury, Fashion Photography BA(Hons)

"I have always been fascinated by the ways in which different cultures merge and blend together, creating something entirely new and unique. My project aims to showcase this fusion through the lens of fashion, using clothing and accessories to highlight the diverse influences that shape our identity."

Falmouth University
Report of the governing body

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Introduction from the Chair of the Board of Governors


Falmouth University and its partners, like the Higher Education sector as a whole and the country more widely, has faced financial, social and logistical headwinds this year. Significant pressures on finances have required us to re-balance our provision and make cost savings whilst ensuring academic excellence and protecting the student experience.

Despite the challenges, it is clear that our academic portfolio continues to be attractive. It's also been a successful year for research and knowledge exchange, including our Launchpad programme, which have enabled us to diversify our income sources and realise improved margins. I am pleased to be able to report that even in this difficult economic environment, we remain financially sustainable for the long term.

Following the Board's approval of the second edition of the 2030 Strategy in July 2022, the Board's focus in 2022-23 has been on oversight of its implementation. This year, we approved a new annual planning methodology to oversee progress, new strategic KPIs and targets, and have worked collaboratively with the executive team to explore and develop responses to the key challenges and opportunities facing the University, in this dynamic environment. The open and constructive dialogue between the Board and the executive team has enabled collective ownership of plans and targets, and collective responsibility for their delivery – a strong foundation for continued success.

Further, we have been proactive in continuously improving the effectiveness of the Board and its sub-committees, and this extends to ensuring that our membership has the skills and experience required to enable effective governance. In 2022-23 we welcomed three new exceptional independent members to the Board – Diane Grannell, Bob Fahy and David Harland, each adding strength to our team.

The future of Falmouth University is exciting and the Board is grateful for the hard work and dedication across the University and from our partners, and for the support of our stakeholders across Cornwall and further afield.



Chris Pomfret OBE
Chair of the Board of Governors

Introduction from the Vice Chancellor & Chief Executive

This year, we celebrated our 120th anniversary. In 1902, Falmouth School of Art opened as an evolution of The Royal Cornwall Polytechnic Society, which aimed to 'promote the useful and fine arts, to encourage industry and to elicit the ingenuity of a community distinguished for its mechanical skill.'

I am enormously proud that we are still doing exactly that today. We're leveraging the power of creativity and technology to establish the foundations for the future economy while generating positive and sustainable opportunities for all.

This year we were ranked as the UK's number one arts university by the Sunday Times. What a fantastic accolade with which to commemorate a milestone year.

For our students, for our community and for the wider country, the year was marred by the cost-of-living crisis. Historic levels of inflation have had a serious impact both for our people, and on the University's finances. We have worked hard to support staff and students throughout this economic turmoil while also taking steps to protect our financial position.

Despite these challenges, as always, our campuses have been bursting with ideas, innovation and inspirational teaching, research and knowledge exchange. Staff, students and researchers have tackled the challenges of our times – from climate change, to AI – with the kind of creativity and fresh thinking for which Falmouth has long been renowned.

Guided by our institutional Mission, Vision and Values we will continue to set the standard for what an ambitious and socially conscious creative university can achieve and support our staff and students to achieve their very best.



Professor Emma Hunt
Vice Chancellor & Chief Executive

A year to celebrate

120 years of creative education

It was in 1902 that students first put pencil and brush to paper in the original Falmouth School of Art. Our 120th anniversary celebrations continued with the release of a commemorative book outlining the key milestones in our history and illustrating the moments that made us. We revisited Falmouth's creative past at a special event at Penryn Campus, before looking to the future with the launch of our refreshed 2030 Strategy.

UK's No.1 Arts University

With a leap of 44 places up the academic league table, Falmouth was named the UK's No. 1 Arts University by The Times and Sunday Times Good University Guide 2023 – widely regarded as the most comprehensive and authoritative annual analysis of higher education. The ranking reflected student satisfaction and research excellence, placing us among the top four universities in the South West.

Graduation 2023

Our graduating students had every reason to celebrate this summer; many of them started their degree in tough times, as the country navigated the uncertainty of the pandemic and the challenge of ongoing lockdowns.

The 1,456 students who attended graduation ceremonies at Penryn Campus each received their degree certificate from our Chancellor Dawn French, before enjoying a celebration on the campus lawns. Each graduate took away a unique commemorative brochure with a nostalgic cover design by Illustration BA graduate Ella Kasperowicz, guaranteed to bring back memories of their years at Falmouth.

Fantastic new Fellows

We welcomed a new Fellow and three new Honorary Fellows: actor and writer Morwenna Banks, sculptor and contemporary visual artist Hew Locke OBE, classical music radio and television broadcaster Petroc Trelawny and former journalist and media entrepreneur Charles Wace.

GWITHA research project

A highlight of the year was an award of £850,000 of funding for an innovative new research project that will use cutting-edge technologies to capture and archive performance practice. With this investment, through the Creative Research Capability fund from the Arts and Humanities Research Council, part of UK Research and Innovation, the aim is to explore new ways to widen access to performances and provide new income streams to support the creative industries in Cornwall.

The project, named GWITHA, from the Cornish word to guard, or to keep, will be particularly relevant in the county, which is renowned for site-specific landscape theatre that is part of its cultural heritage. Work will begin with artists and performance companies capturing vision and sound in three dimensions, so that it can be later accessed through a range of Augmented Reality (AR), Virtual Reality (VR) and Mixed Reality (MR).

Launchpad startup success

Amutri, a Launchpad startup that aims to deliver a simple path to 3D experience creation for designers and organisations, is a step nearer its goals after a successful bid to secure a grant with a project value of £492,000. Following the Innovate UK Smart grant award, the company will develop a new immersive product intended to remove some of the barriers associated with adopting 3D technology.

Rookies World School Rankings

We climbed the prestigious Rookies World School Rankings, which recognise the most influential colleges and universities in the fields of games, animation, visual effects and more. Falmouth's Games Academy features in the top 20 in three popular Rookies categories: best games design schools, best concept art illustration schools and best design and development schools for production excellence.

Falmouth Showcase

Featuring the bold and original work of our final-year students, the eagerly awaited Falmouth Showcase 2023 made a big impression. Exhibitions across each of our departments created an explosion of colour and inspirational design, drawing praise from visitors – many of them industry professionals on the lookout for emerging talent.

At Penryn Campus, Falmouth's third annual Games Expo generated the buzz of a big industry event with a line-up of high-profile guest speakers and visiting specialists. The Showcase culminated in a live fashion show, where students sent their finest creations down the catwalk.

Royal visit

With a rich history of creative education here at Falmouth, it was an honour to showcase our facilities and achievements to HRH The Duchess of Edinburgh GCVO. The Duchess toured our Penryn Campus and met students and academics who are working together across technology and creative disciplines to make a positive social impact.

Civic University Agreement

Falmouth University and the University of Exeter signed a Civic Agreement with Cornwall Council, the Council of the Isles of Scilly and the Cornwall and Isles of Scilly Integrated Care Board (ICB). The civic strategy brings the two universities together with the Council and the ICB to work in collaboration to support Cornwall and the Isles of Scilly's growth and prosperity, using the universities' facilities and specialist resources, teaching and skills, and research and knowledge exchange.

Identifying four priority areas for action, Green Futures, Healthy Futures, Fair Futures and Creative Futures, the agreement is aligned with Together We Can: The Cornwall Plan 2020-50, which was shaped with the input of thousands of local residents.

Armed Forces Covenant

In recognition of the value Armed Forces personnel and their families bring to organisations and communities, Falmouth University signed a covenant to ensure their respect, support and fair treatment. The University will ensure that service personnel, or people from service families, are fully supported to access higher education or to become a part of our staff community.

[Read more about our successes and impact in our Annual Review](#)

Strategic Review

The focus of the year has been on strengthening the University's financial sustainability while embedding and accelerating the implementation of the Second Edition of the 2030 Strategy:

OUR MISSION

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

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

- 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



This year, the Board of Governors approved a new methodology for articulating strategic ambition and monitoring performance through the key pillars of growth and excellence, and in alignment with the University's four vision statements – the Annual Plan.

The Annual Plan links key strategic actions (Annual Plan Actions with Impact) to key, Board-approved performance indicators and targets (Annual Plan Metrics), and enables oversight of progress and performance through a regular cycle of review.

A summary of five key metrics from the growth and excellence pillars are as follows:

Falmouth University
Report of the governing body

Growth

Annual Plan Metric	2021-22 Baseline	2022-23 Target	2022-23 Result and difference from baseline	Against target
Total income £(000)	£63,105	£72,713	£73,903 (+£10,798)	●
Alternative income £(000)	£4,848	£7,964	£8,198 (+£3,350)	●
Surplus/deficit £(000)	(-£4,911)	(-£2,166)	£153 (+£5,064)	●
Number of on campus students	4,769	4,998	4,986 (+217)	●
Number of online students	398	815	632 (+234)	●

Our student growth

The number of placed on-campus students at all higher education institutions declined by nearly 2% this year, while Falmouth outpaced its direct competitors and grew enrolments, as well as market share, in a sector which is increasingly competitive.

Falmouth University recognises that employers need future proofed entrepreneurial and empathetic graduates who can take the initiative, are leaders and explorers that can make change with creative thinking and innovation.

On-campus student recruitment

Our on-campus community is at the heart of what we do. We are committed to providing our students with an outstanding learning experience, so that they leave equipped to make an impact in industry, prepared for the future economy and new types of employment.

Falmouth enrolled 1,862 new undergraduate students vs a target of 1,858. In addition 231 new, on-campus postgraduate students enrolled. This compares to 1,433 and 200 respectively at the same point the previous year. An increase in international applications, offers and accepts reflects a renewed focus on delivering our international growth strategy for our on-campus undergraduate and postgraduate portfolio.

We will continue to monitor the sector using a 'market model' which calculates and predicts demand and market share changes, drawing from population rates, HE participation rates, subject area and course level demand changes. The model uses several sources including ONS, UCAS and HESA data to derive a forecast at a national, institutional and at course level for all our on-campus courses.

Off-campus recruitment

Most of our online courses and some of our partnership courses have multiple intakes each year (January, May and September), which means we recruit students across multiple academic years. Online courses are increasingly popular with enrolments for new and returning students to the online courses delivered by CEG and our inhouse team continuing to grow, offsetting the performance of partners who enrolled fewer students than target.

Postgraduate research recruitment

We were delighted to welcome 15 new postgraduate research students to the University, with 7 registering for in-person, and 8 to our part-time online route. This increases the breadth of our international cohort with students joining us from France, Germany, Italy and the USA. Within the last year, five postgraduate research students completed their PhDs.

Falmouth University
Report of the governing body

Research & Knowledge Exchange

At Falmouth, research is a driver for growth and excellence; addressing global challenges through creativity and technology, having a real-world impact within and beyond the creative industries. Our research and knowledge exchange nourishes and supports our taught programmes, invigorating our knowledge base, broadening our networks and profile, and generating investment. Through our research and knowledge exchange we are better able to fulfil our function as an anchor institution in Cornwall, and in supporting the communities we serve.

We have continued along our path to deliver inter- and transdisciplinary impact driven research and innovation this year. In addition to our live portfolio of 18 research and innovation projects amounting to £26.24m, we submitted 17 bids across 8 different funding bodies during the financial year amounting to a gross total of £11.9m. This included applications to the AHRC, ESRC, Arts Council England, Shared Prosperity Fund, British Academy and Research England, demonstrating our commitment to working across disciplinary boundaries in response to the grand challenges of our age.

Excellence

Annual Plan Metric	2021-22 Baseline	2022-23 Target	2022-23 Result and difference from baseline	Against target
B3 Completion (OfS) (1-year)	89.7%	-	89.3% (-0.4%)	●
B3 Continuation (OfS) (1-year)	89%	-	87.4% (-1.6%)	●
B3 Progression (OfS) (1-year)	61.6%	-	65.6% (+4%)	●
NSS Teaching on my course	80.4%	80.6%	84.3% (+3.9%)	●
3* & 4* research outputs (% of number required for future REF)	6.3%	30%	13.7% (+7.5%)	●

Student retention

We continue to achieve the overall minimum threshold standards for the Office for Students B3 conditions. As this data is lagged, we use internal data to enable swift identification of areas to target support and interventions.

There are a range of persistent and emergent sector-wide factors that impact on and contribute to our ability to retain students. These include the increasing cost of living, prevalence of mental ill-health, and impact of the pandemic on student behaviour.

However, our internal year-end data on student retention demonstrated an improvement overall of 1.02%. This is a halting of a declining trend and reflects a University-wide focus on improving student retention over the past 18 months. Notable significant initiatives in 2022-23 include the implementation of a 15-week term for on-campus courses, healthy curriculum initiatives, and a review of our extenuating circumstances policy.

It is vitally important for the student experience and for the reputational and financial wellbeing of the University that we continue to proactively investigate and respond to retention data trends at student, course, subject, department, and faculty level.

Falmouth University
Report of the governing body

Student experience – National Student Survey

The National Student Survey (NSS) is an annual survey of final year students. It is a key source of feedback from students about their academic experience and we use this annual information to inform continuous improvement and enhancement activity.

Falmouth University performed well in the NSS this year, performing better than the sector average in four of the seven themes:

NSS theme (metric)	Falmouth University 2023 result and difference from the 2022 result (+/- %)	Difference between Falmouth University and the sector (+/- %)
Learning resources	87.15 (+5.39)	+0.93
Academic support	85.21 (+7.7)	+1.74
Teaching on my course ¹	84.10 (+3.28)	-0.78
Assessment and feedback	81.22 (+5.05)	+3.44
Learning opportunities	79.19 (-2.21)	-2.16
Student voice	73.61 (+0.93)	+1.72
Organisation and management	68.69 (+3.5)	-4.92

The University's continuous improvement processes, overseen by Academic Board, proactively support the enhancement of courses performing lower in the NSS and via other lenses, and enable dissemination and promotion of good and innovative practice.

Student experience – Postgraduate Research Experience Survey

Our PGR students responded favourably to their experience of studying at Falmouth, reporting a score of 80% for overall satisfaction in the Postgraduate Research Experience Survey (PRES), 1% higher than the global benchmark and 11% higher than the Small & Specialist institutions benchmark.

Student outcomes – Graduate Outcome Survey

The Graduate Outcomes Survey (GOS) is an annual survey of graduate outcomes 15 months after leaving the University. The key headlines from the 2023 results are as follows:

- **Overall GOS Score** – has improved by 3% on last year, reflecting a positive upward trend.
- **B3 measures** – the University has exceeded its overall target this year as detailed in the Annual Plan Metrics (B3 Progression).
- **Retention** – around 13% of our graduates are working in local (TR/PL) postcodes.
- **Self-employment rates** – remain exceptionally high:
 - Highest start-up rate in the South West
 - Highest start-up rate of full universities in GuildHE
 - Fourth-highest start-up rate of universities in the UK
- **Unemployment** – has fallen this year by 2%, now in-line with sector averages at around 5%.
- **Graduate-level work** – has increased by 1% to 68% but remains below sector average.
- **Salary** – the median Falmouth graduate salary is £23,000 – an increase of £2,000 on the previous year, but below the national average (£27,000).

We are proud of the positive progress made this year, but remain aware of the distance yet to travel, as well the inherent challenges linked to our regional context and creative portfolio.

¹ the NSS metric selected for monitoring via the Annual Plan was 'Teaching on my course' (including partnership provision). The target set was 80.6%, and result 84.3% (exceeding target by 4.3%). The impact of partnership provision on the University's overall results was mixed, with five of the seven themes negatively impacted.

Falmouth University Report of the governing body

Research

Building on the news in May 2022 of our excellent Research Excellence Framework (REF) 2021 performance, we have started to implement the plans we put forward in our REF environment plan. This year we have established a new Research & Knowledge Exchange Funding Committee, which provides oversight for the significantly enhanced funding we receive from Research England on the basis of our REF success and for our performance within the Higher Education Business and Community Engagement Survey. We have created two new roles within the Research & Knowledge Exchange Team; that of Research Projects Officer for Research Culture and Environment and a Head of Knowledge Exchange and Impact. Research & Knowledge Exchange Environment Plans have been created for the first time to articulate how this activity will contribute to the delivery of the revised Mission, Vision and Values of Falmouth University.

Knowledge Exchange

The third iteration of the Knowledge Exchange Framework (KEF) was announced in September 2023. Despite the KEF3 period covering the pandemic lockdowns, Falmouth's continued commitment to knowledge exchange ensured that our performance remained consistent with KEF2. Working with a spin out that has emerged from Falmouth's Launchpad programme, KEVRI, we undertook the first institutional review of knowledge exchange at Falmouth, which highlighted the strength of our links with the local community and business. Falmouth's technician expertise was recognised through the award of a Technician Commitment Collaboration Fund in March 2023. This supported two technicians from Falmouth to collaborate with a local chocolate company to explore sustainable manufacturing techniques, benefitting cacao farmers in the cloud forest in Ecuador and Colombia. The Civic University Agreement brought together Falmouth University and the University of Exeter, along with local strategic partners, to demonstrate our combined commitment towards supporting the delivery of The Cornwall Plan 2020-2050: *Together We Can*.

Environment

Estate and infrastructure

Spread across two campuses, our facilities and spaces are carefully developed and maintained with professional consultation and ongoing investment to ensure that Falmouth graduates are equipped to succeed in their chosen professions.

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 continued investment in our estate and infrastructure, including carbon projects and cyber security (through FX Plus) alongside our regular refresh of equipment in our academic departments for student use.

Discussions have also continued with Cornwall Council over the potential future occupation of new premises in Truro (Pydar Street) as part of a major redevelopment in the county's capital. Negotiations are ongoing as we identify usage and design input at a rental cost that is affordable to the University in the long term.

Sustainability

As an anchor institution in Cornwall and a major employer for the county, we have a responsibility for the environment and how our activities impact and influence the wider community.

To ensure we are improving sustainability across all our activities, our approach is split into three key themes: Learning & Teaching, Environment & Operations and People & Behaviours. A breakdown of key developments against each theme is overleaf, visit www.falmouth.ac.uk/sustainability for more information.

Falmouth University
Report of the governing body

Theme 1: Learning & Teaching

- **Embedding sustainability into our curriculum** – we have fully reviewed course re-validation documentation from two full academic years, representing 49% of our provision. As a result, we have a baseline understanding of what key sustainability themes exist in our curriculum, how they are being embedded, and where we should focus academic consultations going forward.
- **16 consultations encompassing 29 courses on embedding sustainability** – we have been continuing to engage with academic teams to introduce key sustainability principles, highlight their relevance to their discipline, and signpost them to internal resources. This is driving impact through spurring discussions and critical thinking surrounding embedding sustainability effectively, both within and outside of the course re-validation process.

Theme 2: Environment & Operations

- **Energy reduction** – both Penryn and Falmouth Campuses achieved a 5% decrease in absolute emissions (2,355 tCO₂e vs 2,248 tCO₂e). Based on Gross Internal Area (GIA) per meter squared against our 2005/2006 baseline (Penryn Campus: 59% reduction, Falmouth Campus: 57% reduction).
- **Procurement** – our Responsible Procurement Strategy was shortlisted for a national procurement award based upon the focus on our triple bottom line approach supporting social, environmental and economic factors within our supply chain.
- **Biodiversity** – the Grounds and Gardens team successfully rewilded several parts of Penryn campus through wildflower planting, tree planting, and invasive plant control. By establishing wildflower turf along Cornish hedges, roadsides, and by outdoor seating areas, the team introduced 67 new wildflower species that will help foster butterflies and bees on campus grounds. The work of the Grounds and Gardens team will help ensure that the Universities achieve their targets for Biodiversity Net Gain on their landholdings.
- **Travel** – collaborating with Cornwall Council on installing two permanent e-bike stations on Penryn Campus as part of a Falmouth/Penryn wide initiative. Beyond this, 571 responses were gained through the latest student and staff commuting travel survey. This information will contribute towards future campus planning and the 2030 Sustainable Travel Strategy.
- **Waste** – i) Over 5,000 'tetra pak' style cartons recycled, ii) 4.6t of food waste recycled from Halls in 22/23 (first year of operation), iii) mixed recycling increased from 87.5t to 91t (up 4%), iv) general waste (sent to Energy from Waste plant) reduced from 174.8t to 151.7t (down 13.2%), v) general waste on Falmouth Campus reduced from 42t to 27.7t (down 34%)

Theme 3: People & Behaviour

- **101 in-person events delivered to 500 people last year** – from biodiversity activities to bike repair stalls, presentations and workshops, we continue to grow our engagement offering for our students and staff. Notable initiatives we ran included: Fairtrade Fortnight, our flagship campaign to improve education surrounding positive purchasing habits; plus our Swap Shop campaign, which created a space for resource redistribution on campus and saved over half a tonne of carbon through helping our campus community reduce resource use and wastage.
- **Launch of our eco-anxiety support network** – entitled 'Breathing Space', we're making space for the mental health impacts of the climate and ecological crises through running drop-in's for our community (10 between February & July), and creating an online self-led resource for people to engage with.

People

We recognise the valued contribution all our people make to building the University's sustainable future. We leverage our strengths and develop new capabilities by providing a stimulating environment, where we continue to invest in our culture and ways of working, talent management, development, leadership, 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 of inclusivity, we enable everyone who works and studies at Falmouth University to achieve and sustain excellence, ensuring that our Mission, Vision and Values are embedded into our everyday ways of working.

Equal opportunities

Supporting our focus on people, our Equality, Diversity & Inclusion Charter has undergone a refresh this year and becomes our Equality, Diversity and Inclusion Commitment, creating meaningful connection across our Mission, Vision and Values at Falmouth University.

Our multiyear objectives are clearly defined, specifically aimed at delivering our new Access and Participation Plan, University Mental Health Charter accreditation, and continual development of socially responsible curricula, research, knowledge exchange and ways of working, alongside the actions we will take to achieve this. We closely monitor our core diversity metrics within the University, through our Equality and Diversity dashboard. Annually, we publish an Equality and Diversity report detailing progress.

EQUALITY, DIVERSITY & INCLUSION STATEMENT OF COMMITMENT

Our Values provide a foundation on which we work to ensure more equitable opportunities and outcomes for everyone. Our Values encourage us to respect differing views, see new ways of thinking and doing, to listen and enable - recognising every individual has their own lived-experience - and to work together to find solutions.



We believe that eliminating discrimination, advancing equality of opportunity and fostering good relations between people of different protected groups is essential in order for us to succeed as a university and as a community.

We believe that Equality, Diversity & Inclusion (ED&I) are fundamental to the delivery of exceptional Higher Education and research. Not only that, but we recognise that equality, diversity and inclusion can power creativity and innovation; the two drivers at the core of Falmouth University's mission.

We endeavour to deliver socially responsible curricula, research and knowledge exchange, maintain inclusive and accessible physical and digital environments, and equitable access to support. This will enable the next generation of creative leaders and explorers to succeed, regardless of background or identity, and ensure that our people are equipped to identify, explore and consider issues relating to equality, diversity and inclusion throughout their personal and professional lives.

We seek to be a tolerant community, where everyone has the right to be treated with dignity and respect. We will not accept any forms of harassment, bullying, intimidation or discrimination and will take action when necessary.

We acknowledge that we must remain vigilant and agile, responding to the needs of our community and wider society.

OUR 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.

EQUALITY, DIVERSITY & INCLUSION OBJECTIVES

- We will deliver our Access and Participation Plan, which sets out ambitious targets to improve equity of opportunity for underrepresented groups to access Higher Education and support to succeed.
- We will achieve University Mental Health Charter accreditation, taking a whole-university approach to mental health and wellbeing that seeks to shape a future in which everyone can thrive.
- We will enable our workforce to continually develop socially responsible curricula, research, knowledge exchange and ways of working, and to enact positive, values-aligned change - at all levels of the university.

HOW WILL WE ACHIEVE THIS?

- We will place the staff and student voice at the centre of our activity, gathering data, as well as testimony, of the ED&I experience at Falmouth in order to inform our work and encourage a culture where everyone feels safe to speak out.
- We will be open about our work on ED&I issues, communicating with our community clearly and transparently.
- We will invest in our people, such that it encourages positive action in relation to ED&I at Falmouth. This includes mandatory training for staff, continued engagement with the Aurora Women in Leadership programme, support for ED&I related focus groups, collaboration and dialogue.
- We will ensure representation of ED&I issues is embedded across our governance structures and processes.

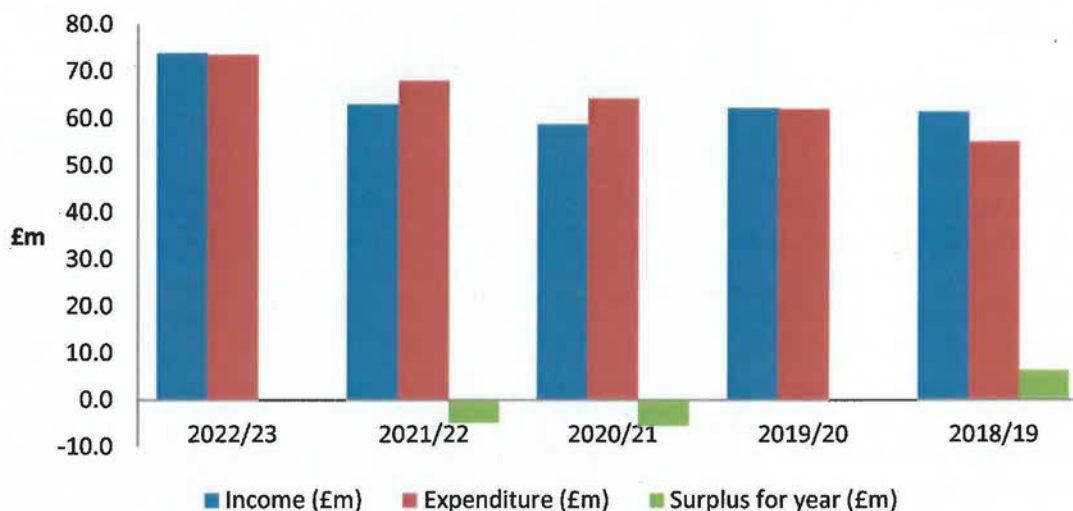
Falmouth University
Report of the governing body

Financial overview

The results for the year show a small deficit after the pension charge which represents a small surplus before pension which is in line with the target approved by the Board of Governors.

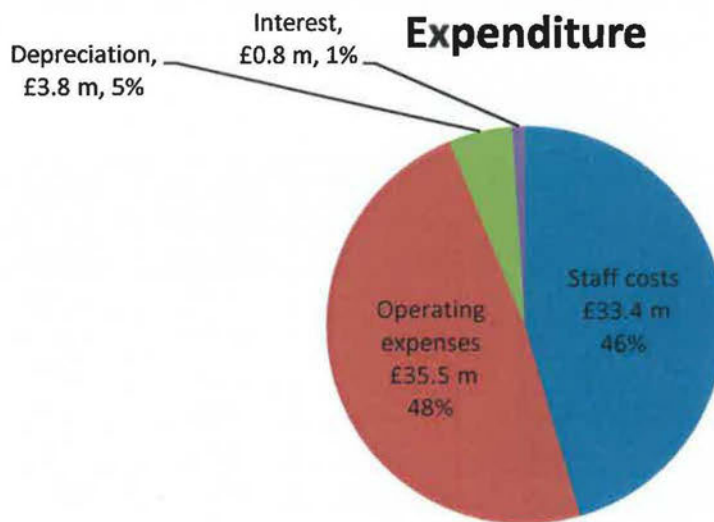
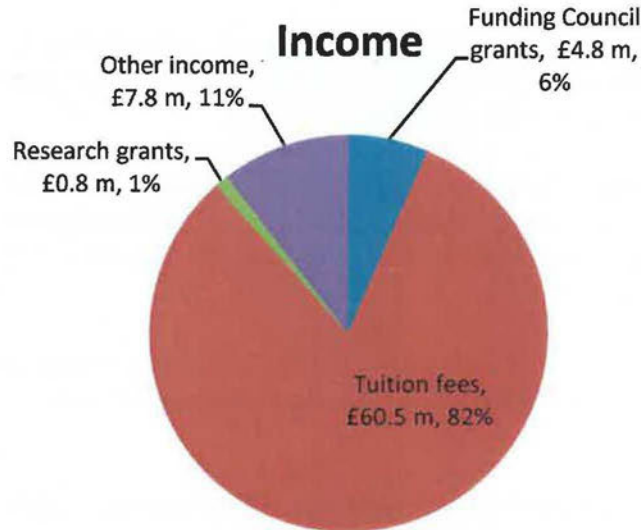
Group financial highlights:

	2022/23 £(000)	2021/22 £(000)	2020/21 £(000)	2019/20 £(000)	2018/19 £(000)
Income	73,903	63,105	58,790	62,280	64,828
Expenditure	(73,630)	(68,020)	(64,303)	(62,130)	(61,646)
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	2,561	748	(2,289)	2,520	7,287
Net assets	81,982	72,251	35,702	49,386	62,521
Net assets excluding pension liability	81,982	79,594	70,108	76,840	79,641
Cash at bank and in hand	24,343	22,675	24,714	29,060	25,199
Net funds	13,516	11,015	12,111	16,249	16,091



During the financial year 2022/23 income rose in line with student numbers (on-campus, online and through partners) together with increased income from research and Launchpad. These were offset by higher staffing costs, franchise fees payable, overall running costs and grant-funded activity.

**Falmouth University
Report of the governing body**



We recorded a deficit for the year of £0.2m (2021/22 – deficit £4.9m) which was in line with the level approved by the Board after allowing for the FRS102 pension adjustments.

Income rose by 17% due to higher tuition fee receipts from on-campus and online students and higher partner student fees whilst costs rose by 9% during the year with all costs increasing due to high levels of inflation on both pay and non-pay areas.

Tangible fixed asset additions during the year amounted to £2.2m, including building developments and refurbishments of £0.6m, equipment purchases of £1.6m and depreciation of £3.8m. These related to property enhancements and equipment for a new research-related project plus the annual renewal and updating of IT and equipment.

During the year, we invested a further £55k in three of our Launchpad companies from the 'Venture Fund' to support and co-invest in student businesses which have high growth potential. 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 £103k (2021/22 - £75k).

Falmouth University
Report of the governing body

Cash flows and liquidity

Cash flow from operating activities recorded a net inflow of £3.7m (2021/22 – inflow £2.3m). The overall net cash inflow was £1.7m (2021/22 – outflow £2.0m) which meant that cash held at the year-end fell to £24.3m (2021/22 – £22.7m).

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 £18m.

An actuarial gain in pension schemes of £10.0m has been recognised in the statement of comprehensive income. Further information is set out in the pension note.

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 2023, the University paid 81% of its invoices within 30 days. The University incurred no interest charges in respect of late payment for this period.

Financial KPIs

KPI	2022/23 Actual (July 23)	2022/23 Forecast (July 23)	2021/22 Actual (July 22)
Historical cost surplus (exc. pension)	0.2%	0.2%	(1.1)%
EBITDA	£2.5m	£1.8m	£0.7m
Loan covenant Gearing	3.7%	3.5%	4.9%
Total Debt : Total Funds	39%	60%	48%
I&E Reserves : Total Income	111%	67%	107%
I&E Reserves £	£82m	£48m	£63m

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 sees the University return to surplus and continue to generate cash on an annual basis.

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.

Statement of Corporate Governance and Internal Control

This statement applies to the financial year 2022/23 and the period up to the approval of the audited financial statements.

Constitution and Charitable Status

Falmouth University is a Higher Education Corporation created by statute and an exempt charity, with the Office for Students acting as its principal regulator.

The institution was established as a Higher Education Corporation on 1 April 1989 under the Education Reform Act 1988. The institution 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 core charitable purpose of the University, as defined in the Charities Act 2011, is the advancement of education for the public benefit. Members of the University's Board of Governors are the Trustees of the charity and are responsible for ensuring compliance with charity legislation.

In setting and reviewing the University's strategic objectives, the Board of Governors paid and continue to have due regard to the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The principal beneficiaries of the University's services are our students and the public at large.

Corporate Governance

The University's corporate governance framework is established through the Articles & Instrument of Government which define the powers and responsibilities of the Board of Governors, Academic Board and the 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

The University is committed to demonstrating best practice in all aspects of corporate governance and conducts its business responsibly, transparently and in accordance with:

- Falmouth University's Articles and Instrument of Government;
- the seven principles identified by the Committee on Standards in Public Life, the Nolan Principles: selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
- the requirements of the Higher Education regulator, the Office for Students (inclusive of upholding the Public Interest Governance Principles);
- the Committee of University Chairs' (CUC) Higher Education Code of Governance 2020 ('Higher Education Code of Governance'); Higher Education Audit Committees Code of Practice 2020 ('Higher Education Audit Committees Code'); and Higher Education Senior Staff Remuneration Code 2018 ('Higher Education Remuneration Code') – all of which have been formally adopted by the University;
- Charity Commission Guidance; and
- the UK Corporate Governance Code and other sources of recommended practice, as applicable to the Higher Education sector.

In adopting the Higher Education Code of Governance, the University has regularly reviewed its governance arrangements and is satisfied that it complies with the provisions of the Code. There are robust systems in place to ensure compliance with regulatory and other legal obligations, including compliance with the ongoing conditions of registration, overseen via the University's Corporate Compliance Risk Register.

Falmouth University
Report of the governing body

The external governance effectiveness review conducted by AdvanceHE in 2021 confirmed that the University demonstrated good governance against the provisions of the Higher Education Code of Governance, and good compliance with the Office for Students' ongoing Conditions of Registration.

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. The Members of the Board are the Trustees of the charity.

The Board's responsibilities are set out in the Articles of Government, Statement of Primary Responsibilities and in directives from the Office for Students. Key responsibilities include determining the educational character and mission of the University, the 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 the solvency of the University, 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/governance. A detailed statement on the Board's responsibilities in respect of the preparation of the Annual Report and Financial Statements is provided on pages 23-24.

The membership of the Board of Governors is predominantly independent, 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, and there is clear separation between the roles of Chair and Vice-Chancellor & Chief Executive. Members of the Board of Governors 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 note 7 for details of expenses.

Any new appointments to the Board are a matter for the consideration of the Board as a whole. Prior to the appointment as a Member of the Board of Governors an assessment is undertaken in respect of the nominee meeting the requirements of the Office for Students' 'fit and proper persons' Public Interest Governance Principle.

The composition of the Board of Governors is in accordance with the Instrument of Government, as follows: an independent Chair, a further eight Independent Members, the Vice-Chancellor and one representative each for the student body, academic staff body, and professional services staff body.

Membership of the Board of Governors serving during 2022/23 (main Board and sub committees)

Member	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	100%
L Court	1 July 2022	n/a	30 June 2023	Student Member		100%
A Cressey	1 Sep 2015	Second term	30 Nov 2022	Independent Member	Nominations Committee Audit Committee	100%

Falmouth University
Report of the governing body

Member	Date of appointment	Term of office	Expiry of term	Status of appointment	Committees served	Attendance
B Fahy	1 Apr 2023	First term	31 Mar 2027	Independent Member	Remuneration Committee	100%
J Fielding	1 Aug 2021	First term	31 Jul 2025	Independent Member	Audit Committee, Remuneration Committee	85%
D Grannell	1 Dec 2022	First term	20 Nov 2026	Independent Member	Audit Committee, Nominations Committee	100%
D Harland	1 Apr 2023	First term	31 Mar 2027	Independent Member	Audit Committee	100%
T Jones	1 Nov 2016	First term	31 Oct 2024	Independent Member	Audit Committee	100%
D Leslie	1 May 2019	First term	30 Apr 2023	Independent Member	Audit Committee (Chair)	78%
J Mathers	1 Sep 2015	Second term	30 Nov 2022	Independent Member	Audit Committee	50%
H de Oliveira Whitlock	1 Jul 2023	n/a	30 June 2024	Student Member		100%
H Owers	1 July 2019	First term	30 Jun 2023	Independent Member	Audit Committee	73%
Professor K Straughan	1 Aug 2021	First term	31 Jul 2025	Independent Member	Academic Board link Governor	57%
C Wace	1 Sep 2015	Second term	31 Aug 2023	Deputy Chair of the Board of Governors	Remuneration Committee (Chair)	100%
Professor E Hunt	1 Jan 2022	n/a	n/a	Vice-Chancellor (from 1 Jan 2022)	Nominations Committee	91%
M Jandrell	24 May 2019	Second term	31 Jul 2023	Academic Staff Member		100%
V Gosling	1 Sep 2020	First term	31 Nov 2022	Co-opted Staff Member		100%
R Ingram	1 Dec 2022	First term	30 Nov 2024	Co-opted Staff Member		100%

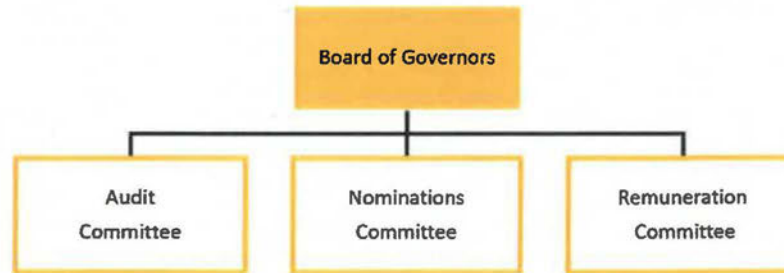
Members of the Board are appointed for up to two terms of office, each of four years. The Board approved an extension to the second term of office for the Chair by one year (to a total tenure of nine years, ending in July 2024), to enable continuity and to support the transition between Vice-Chancellors in January 2022. In 2022/23 the Board approved the recruitment processes and prospectus for the next Chair of the Board of Governors of Falmouth University, who will be recruited in the 2023/24 academic year.

Conduct of business

The Board formally meets six times per year with provision for extraordinary meetings as required. The Board met seven times in 2022/23, with one extraordinary meeting in autumn 2022. The formal meetings of the Board are supplemented by informal briefing and 'Q&A' sessions on relevant issues in-between Board meetings, and attendance at University events. In 2022/23, two new Advisory Panels (People & Culture Advisory Panel, and Strategic Estates Development Advisory Panel) were introduced to enable the senior team to discuss key matters and emergent proposals under these two key themes with relevant members of the Board.

Falmouth University Report of the governing body

To assist in the effective discharge of its duties, the Board has three independently chaired sub-committees, each of which have clearly defined delegated responsibilities:



All of the Board's Committees provide timely, regular reports to the Board, making recommendations as appropriate. The Terms of Reference of the Board's Committees are published in full on the University's Governance web page: www.falmouth.ac.uk/governance

Audit Committee

Audit Committee ([Terms of Reference](#)) met three times during 2022/23. The Committee's key responsibilities include:

- Agreeing the scope of internal and external audits and reviews, discussing with the auditors and with management any matters arising from the audits, and agreeing and overseeing appropriate action.
- Reviewing the draft annual report and financial statements prior to submission to the Board and monitoring external audit findings, compliance with statutory requirements, accounting standards and best practices for financial reporting.
- Monitoring the adequacy and effectiveness of the accounting, risk management, internal control and governance arrangements.
- The production of an annual report for the Board providing an opinion on the adequacy and effectiveness of the University's arrangements for:
 - risk management, internal control and governance;
 - sustainability, economy, efficiency and effectiveness (value for money); and
 - the management and quality assurance of data submitted to regulatory bodies.

Audit Committee operates in accordance with the Higher Education Audit Committees Code of Practice, regulatory requirements and other sources of recommended practice, as applicable to the Higher Education sector. The membership of Audit Committee is wholly independent, and to avoid potential conflicts of interest the Chair of the Board is not a member of the Committee. The Vice-Chancellor and Executive Director of Finance, Audit & Risk attend all meetings of the Committee, with processes in place to enable independent discussions between members and auditors without the presence of the University's management team.

Nominations Committee

Nominations Committee ([Terms of Reference](#)) met once during 2022/23. The Committee's primary responsibilities include:

- Advising the Board on the appointment and re-appointment of Board Members.
- Compilation and maintenance of a matrix of skills and experience required by the Board.
- Overseeing succession planning for, and recruitment of, Independent Board members.

Further to the annual meeting, during the period the Committee formed the interview panels for two separate recruitment campaigns which resulted in the successful appointment of three new Independent Members of the Board of Governors (D Grannell, B Fahy, and D Harland).

Falmouth University Report of the governing body

Supplementary to the work of the Committee, the full Board considers Board membership, vacancies, diversity and skills in every meeting.

Remuneration Committee

Remuneration Committee ([Terms of Reference](#)) met three times during 2022/23. Remuneration Committee's primary responsibilities include:

- To provide independent oversight of senior staff remuneration and the University's approach to reward and recognition.
- Making decisions on behalf of the Board on the remuneration for the Vice-Chancellor and other senior designated postholders.

A review of compliance with the Committee of University Chairs' Senior Staff Remuneration Code was undertaken in 2022-23, confirming that the conduct of the Committee was in good order and aligned with the principles of the Code.

Further information about the work of Remuneration Committee and senior staff remuneration is provided in the Remuneration Annual Statement in note 7.

Board effectiveness

In accordance with good practice and the Higher Education Code of Governance, the Board periodically reviews its own effectiveness, including that of its sub-committees. The University's framework for Board effectiveness includes the following:

- External Board Effectiveness Reviews which take place at least every three years.
- In the years in-between the external reviews, an internally conducted review of effectiveness.
- Chair 1:1 meetings with members.

The most recent external review, undertaken by AdvanceHE concluded in May 2021. 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."*

The report set out a suite of developmental recommendations to further strengthen governance and support best practice. All actions from the recommendations have since been confirmed as complete by the Board.

During 2022/23 effectiveness reviews were undertaken for Audit Committee (assessing alignment with the Higher Education Audit Committees Code), and Remuneration Committee (assessing alignment with the Higher Education Senior Staff Remuneration Code). Further, the whole Board completed a Board Effectiveness Questionnaire, the report and recommendations arising from which was received by the Board in September 2023. Each activity produced developmental recommendations, the implementation of which is monitored by the relevant sub-committee or whole Board as appropriate.

Board training and development

Newly appointed members participate in an individual induction programme, tailored to their specific needs and experience. In addition, all members are invited to attend conferences and events for Governors offered by organisations such as AdvanceHE, CUC and BDO.

Falmouth University **Report of the governing body**

Register of interests

As part of the University's commitment to good governance and conducting its affairs in a responsible and transparent way, all members of the Board and its Committees are required to exercise independent judgement, and at all times act in the best interests of the University.

This includes fully disclosing any actual, potential, or perceived conflicts of interests as they arise and, if necessary, abstaining from any involvement in the decision-making process, including withdrawing from a meeting. The University's systems for managing any actual or perceived conflicts of interest are outlined in a Conflict of Interest Policy. There were no related party transactions during the period.

The University maintains a full Register of Interests of Board Members which is reviewed by the Board three times a year. A summary of the individual interests of Members of the Board is published within the respective profiles on the University's Governance webpage:

www.falmouth.ac.uk/governance

Academic governance arrangements

Academic Board is the University's academic governing body, established in accordance with the Articles. 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's responsibilities are published in the Articles on the University's Governance webpage:

www.falmouth.ac.uk/governance

Academic Board is chaired by the Vice-Chancellor and its membership includes the Pro Vice-Chancellors of Academic Services and Research & Knowledge Exchange, Deans of Faculty, one elected representative from each of the following groups: professoriate, academic staff, professional services staff, and technical staff, as well as the Students' Union President (student governor) and other Co-opted staff members.

Academic Board assists the Board of Governors in discharging its responsibility for ensuring that the University's academic governance arrangements are effective. In addition to receiving reports of the Academic Board meetings, the Board of Governors also receives reports relating to the student academic experience, student outcomes and the setting and maintenance of academic standards. There is some cross-representation on the membership of the Academic Board and the Board of Governors to help to enhance the links between the two Boards, and all Independent Members have an open invitation to observe Academic Board meetings.

The University undertakes periodic reviews of the effectiveness of its academic governance arrangements, the most recent of which concluded in June 2022. Arising from this review a number of enhancements to its academic governance arrangements were implemented in 2022/23, which included strengthening the protocols by which the Board of Governors receives and tests assurance that academic governance is effective. An example of a new protocol introduced in 2022/23, is the attendance of a nominated Independent Member of the Board of Governors at all Academic Board meetings to enhance the link between the two Boards.

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.

Falmouth University Report of the governing body

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.

Leadership and management

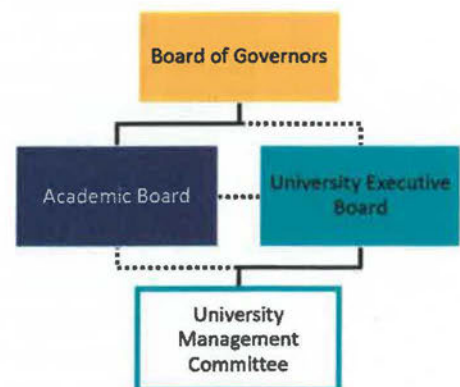
The Vice-Chancellor & Chief Executive ('Vice-Chancellor') is responsible to the Board of Governors for the organisation, direction and management of the University and the leadership of its staff, and is the Accountable Officer for the purposes of the Office for Students' terms and conditions of funding. The Vice-Chancellor's responsibilities are published in the Articles on the University's Governance webpage: www.falmouth.ac.uk/governance.

The Vice-Chancellor Chairs and is advised by a University Executive Board, which comprises of: the Pro Vice-Chancellors; Executive Directors; and the Heads of Governance Services; and Business Intelligence.

University Executive Board (UEB), is the senior executive decision-making forum within the University. Its sub-committees include University Management Committee, Finance & Planning Committee and Health & Safety Committee. 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.

University Management Committee plays a crucial role in the operational implementation of the University's strategy.

The interface between the Board of Governors, Academic Board, and University Executive Board is shown in the above diagram.



Internal control

The Board of Governors ('Board') is responsible for maintaining a sound system of internal control that supports the achievement of the University's strategic aims and objectives while safeguarding the public and other funds and assets for which it is responsible, and in accordance with the regulatory requirements of the Office for Students.

The Board, both directly and through its Audit Committee, ensures that it uses public funds only for the purposes for which they were provided and that the University complies with the terms and conditions of funding.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the University's aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principle risks to the achievement of the University's aims and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively, and economically. The system of internal control has been in place during the year ended 31 July 2023 and up to the date of approval of the financial statements, and accords with the guidance provided by the Office for Students.

Falmouth University
Report of the governing body

The system of internal control is supported by a number of policies, procedures, processes and authorities that have been approved by the Board (either directly or through delegated responsibility to Audit Committee) to help to prevent and detect corruption, fraud, bribery and other irregularities. These include but are not limited to: Risk Management Policy; Schedule of Limits and Authorities; Anti-fraud Policy; Anti-money Laundering Policy; Anti-bribery Policy; Criminal Finances Act Policy.

The following internal control processes are well established and have been in place during the period:

- The Board meets formally at least six times per year to consider the plans, strategic direction and performance of the University.
- The Board receives regular reports on key performance indicators and targets that measure financial and other performance ('Annual Plan Metrics'), and which are re-approved annually by the Board.
- The University operates within a clear and dynamic risk management framework which identifies, evaluates and manages risks systematically across all service areas. A University-wide risk register is in place, 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.
- A designated member of the executive, the Executive Director of Finance, Audit & Risk, has responsibility for ensuring the effectiveness of the risk and internal control frameworks and associated reporting.
- Three times per year, the Audit Committee and Board considers the risks facing the University and the controls and mitigating actions that are in place to address them, with a deeper-dive horizon scanning exercise scheduled annually. The risk horizon scanning exercise considers internal and external developments as well as analysis of risk registers and risk management good practice across the sector.
- Audit Committee receives regular reports from the independent Internal Audit function, including any recommendations for improvement. Progress reports on the implementation of recommendations are monitored by University Executive Board as well as Audit Committee. These regular reports include an annual independent opinion on the adequacy and effectiveness of the University's risk, internal control, and assurance framework. The work of the Internal Audit function is guided by the University's strategic objectives and Strategic and Corporate Compliance Risk Registers, and is determined by the Audit Committee.
- The Board regularly receives periodic and annual financial reports which indicate financial performance against forecast.
- A clearly defined schedule of limits and authorities is in place, which is periodically reviewed and approved by the Board.

During the period, the University updated a number of its key internal control policies, including the Risk Management Policy, and continued to make enhancements to its risk management processes, informed by recommendations from an Internal Audit review of risk management. A proactive approach to the continuous improvement of the internal control framework has been demonstrated throughout the period.

Summary of key risks

A summary of key strategic risks that could impact on the University's ability to deliver our strategic objectives as at the year-end is shown below:

Falmouth University
Report of the governing body

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

The Corporate Compliance Risk Register sits alongside the Strategic Risk Register, enabling greater ownership, visibility and control of the University's Corporate Compliance responsibilities. The key risks at the year-end include:

Corporate Compliance Risk Register	
OfS Conditions of Registration	Bank covenant compliance
Equality Act	Health & Safety at Work
Student data	EU-funded project regulations
Maintaining Visa sponsorship status	Payment Card Industry Data Security Standards

Effectiveness of the system of internal control

University Executive Board has undertaken its annual review of the effectiveness of internal control arrangements for the period. No significant internal control weaknesses or failures have 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 and external auditors and other external sources of assurance;
- Comments made by the University's external auditors in their management letters and other reports; and
- The work of the executive managers within the University who have responsibility for the development and maintenance of the internal control framework.

The outcome of University Executive Board's review of the effectiveness of the University's internal control arrangements was presented alongside the Audit Committee Annual Report and the annual reports of the internal and external auditors, and 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 internal 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.

Approved by order of the members of the Board on 24 November 2023 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 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

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Report of the governing body

- 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.



Robyn Wyatt
Secretary to the Board of Governors

24 November 2023

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

Independent Auditor's Report to the Board of Governors of Falmouth University

Opinion

We have audited the financial statements of Falmouth University ('the University') and its subsidiaries ('the Group') for the year ended 31 July 2023 which comprise the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Statement of Financial Position, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and University's affairs as at 31 July 2023 and of the Group's and University's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Board of Governors

As explained more fully in the Statement of Responsibilities of the Board of Governors set out on pages 23-24, the Board of Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Governors are responsible for assessing the Group and 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 the Board of Governors either intend to liquidate all or part of the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and its operations, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: OfS requirements, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud and money laundering.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;

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

- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as pensions legislation and the OfS Accounts Direction.

In addition, we evaluated the Board of Governors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to defined benefit pension obligations, revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

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

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

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

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

Other Required Reporting

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

In our opinion, in all material respects:

- funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by OfS, 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

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

- the requirements of the OfS's accounts direction have been met.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and University and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Board of Governors' Report.

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

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

Use of the audit report

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 Group and University and the Board of Governors for our audit work, for this report, or for the opinions we have formed.

Signed: 

DRA Bott (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street, Bristol BS1 6DP
Date: 30 November 2023

Falmouth University
Consolidated and University
Statement of comprehensive income
for the year ended 31 July 2023

	Note	Year to 31/7/23 Group £ (000)	Year to 31/7/23 University £ (000)	Year to 31/7/22 Group £ (000)	Year to 31/7/22 University £ (000)
Income					
Funding body grants	2	4,796	4,796	3,690	3,690
Tuition fees and education contracts	3	60,460	60,460	52,426	52,426
Research grants and contracts	4	758	758	449	449
Other income	5	7,340	7,437	6,490	6,555
Endowment and investment income	6	549	549	50	50
Total income		73,903	74,000	63,105	63,170
Expenditure					
Staff costs	7	33,365	33,545	33,864	33,961
Other operating expenses	8	35,591	35,504	29,070	29,034
Depreciation	11	3,826	3,826	3,904	3,904
Interest and other finance costs	9	848	848	1,182	1,182
		73,630	73,723	68,020	68,081
Surplus/(Deficit) before other gains and share of jointly controlled entity		273	277	(4,915)	(4,911)
Impairment loss on non-revalued assets		(135)	(135)	-	-
Loss on investments		-	-	(50)	-
Share of operating surplus/(deficit) in jointly controlled entity	12	(374)	-	79	-
(Deficit)/Surplus before tax and (deficit)/surplus for year		(236)	142	(4,886)	(4,911)
Actuarial gain in respect of pension schemes	21	9,968	7,732	41,436	30,192
Total comprehensive income for the year		9,732	7,874	36,550	25,281

All income relates to continuing operations.

The notes on pages 33 to 58 form an integral part of the financial statements.

Falmouth University
Consolidated and University
Statement of changes in reserves
for the year ended 31 July 2023

Group

	Income & Expenditure Account <i>Restricted</i> £ (000)	Income & Expenditure Account <i>Unrestricted</i> £ (000)	Revaluation Reserve £ (000)	Non- controlling Interest £ (000)	Total £ (000)
Balance at 1 August 2021	27	22,477	13,192	6	35,702
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)	-	-
Balance at 1 August 2022	27	59,287	12,932	5	72,251
Deficit from the income and expenditure statement	-	(236)	-	(1)	(237)
Other comprehensive income	-	9,968	-	-	9,968
Transfers between revaluation and income and expenditure reserve	-	260	(260)	-	-
Balance at 31 July 2023	27	69,279	12,672	4	81,982

University

	Income & Expenditure Account <i>Restricted</i> £ (000)	Income & Expenditure Account <i>Unrestricted</i> £ (000)	Revaluation reserve £ (000)	Total £ (000)
Balance at 1 August 2021	27	31,095	-	31,122
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	-	-	-	-
Balance at 1 August 2022	27	56,376	-	56,403
Surplus from the income and expenditure statement	-	142	-	142
Other comprehensive income	-	7,732	-	7,732
Transfers between revaluation and income and expenditure reserve	-	-	-	-
Balance at 31 July 2023	27	64,250	-	64,277

The notes on pages 33 to 58 form an integral part of the financial statements.

**Falmouth University
Consolidated and University
Statement of Financial Position
as at 31 July 2023**

	Note	Group 2023 £ (000)	University 2023 £ (000)	Group 2022 £ (000)	University 2022 £ (000)
Fixed Assets					
Tangible assets	11	107,736	107,707	109,460	109,431
Investment in subsidiary undertakings	12	-	4	-	4
Investment in associates	12	633	527	577	527
Interest in jointly controlled entity	12	17,755	-	15,893	-
		<u>126,124</u>	<u>108,238</u>	<u>125,930</u>	<u>109,962</u>
Current Assets					
Trade and other receivables	13	5,605	5,595	5,355	5,456
Cash at bank and in hand		24,343	24,222	22,675	22,165
		<u>29,948</u>	<u>29,817</u>	<u>28,030</u>	<u>27,621</u>
Less: Creditors – amounts falling due within one year	14	(12,464)	(12,152)	(11,109)	(10,580)
Net current assets		<u>17,484</u>	<u>17,665</u>	<u>16,921</u>	<u>17,041</u>
Total assets less current liabilities		143,608	125,903	142,851	127,003
Less: Creditors - amounts falling due after more than one year	15	(61,130)	(61,130)	(62,700)	(62,700)
Provisions					
Pension provision	21	-	-	(7,343)	(7,343)
Other provisions	16	(496)	(496)	(557)	(557)
Net assets		<u>81,982</u>	<u>64,277</u>	<u>72,251</u>	<u>56,403</u>
Restricted reserves					
Income and expenditure-Endowments	17	27	27	27	27
Unrestricted reserves					
Income and expenditure account		69,279	64,250	59,287	56,376
Revaluation reserve	18	12,672	-	12,932	-
Minority interest		4	-	5	-
Total reserves		<u>81,982</u>	<u>64,277</u>	<u>72,251</u>	<u>56,403</u>

The notes on pages 33 to 58 form an integral part of the financial statements.

The financial statements on pages 29 to 58 were approved by the Board of Governors on 24 November 2023 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 2023

	£ (000)	Year to 31/7/23 £ (000)	£ (000)	Year to 31/7/22 £ (000)
Cash flow from operating activities				
Deficit for the year		(236)		(4,886)
Adjustment for non-cash items				
Depreciation		3,826		3,904
Deferred capital grants released		(1,593)		(1,701)
Decrease in debtors		(342)		(563)
Increase in creditors		1,150		2,274
Increase in pension provision		130		2,196
Decrease in other provisions		(61)		(56)
Share of operating deficit/surplus in jointly controlled entity		374		(79)
Loss on disposal of assets		135		-
Loss on investments		-		50
Minority interest		(1)		(1)
Adjustment for investing or financing items				
Investment income		(549)		(50)
Interest payable		848		1,182
Net cash inflow from operating activities		<u>3,681</u>		<u>2,270</u>
 Cash flow from investing activities				
Deferred capital grants received	989		80	
Investment income	629		58	
Investments	(56)		(50)	
Payments made to acquire fixed assets	<u>(2,164)</u>		<u>(3,186)</u>	
		(602)		(3,098)
 Cash flows from financing activities				
Interest paid	(577)		(269)	
Loan repayments in year	<u>(826)</u>		<u>(873)</u>	
		<u>(1,403)</u>		<u>(1,142)</u>
 Increase/(Decrease) in cash and cash equivalents in the year		1,676		(1,970)
Cash and cash equivalents at the beginning of the year		<u>22,662</u>		<u>24,632</u>
 Cash and cash equivalents at the end of the year		<u>24,338</u>		<u>22,662</u>

The notes on pages 33 to 58 form an integral part of the financial statements.

Falmouth University
Notes to the consolidated financial statements
for the year ended 31 July 2023

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 2019 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, 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.

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.

Falmouth University
Notes to the consolidated financial statements
for the year ended 31 July 2023

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.

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

Falmouth University
Notes to the consolidated financial statements
for the year ended 31 July 2023

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:

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. These are defined benefit schemes which are contracted out of the State Earnings Related Pension Scheme. CC is a funded scheme and is valued every three years by professionally qualified independent actuaries.

Falmouth University
Notes to the consolidated financial statements
for the year ended 31 July 2023 (continued)

TPS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to the University's members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit 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. As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the University will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102.

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

Falmouth University
Notes to the consolidated financial statements
for the year ended 31 July 2023 (continued)

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 2019 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 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 2023. They are not depreciated until they are brought into use.

Fixtures, fittings & equipment

Equipment, including computers and software, costing less than the minimum 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.

Falmouth University
Notes to the consolidated financial statements
for the year ended 31 July 2023 (continued)

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.

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

Falmouth University
Notes to the consolidated financial statements
for the year ended 31 July 2023 (continued)

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.

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 2023 (continued)

2 Funding body grants

	Group 31/7/23 £ (000)	University 31/7/23 £ (000)	Group 31/7/22 £ (000)	University 31/7/22 £ (000)
OFS recurrent grant	4,158	4,158	3,008	3,008
OFS deferred capital grants released in year				
- Buildings	321	321	321	321
- Equipment	317	317	361	361
	4,796	4,796	3,690	3,690

3 Tuition fees and education contracts

	Group 31/7/23 £ (000)	University 31/7/23 £ (000)	Group 31/7/22 £ (000)	University 31/7/22 £ (000)
Full-time students	53,235	53,235	47,820	47,820
Full-time students charged overseas fees	5,334	5,334	3,644	3,644
Part-time students	1,701	1,701	815	815
Research fees	190	190	147	147
	60,460	60,460	52,426	52,426

4 Research grants and contracts

	Group 31/7/23 £ (000)	University 31/7/23 £ (000)	Group 31/7/22 £ (000)	University 31/7/22 £ (000)
Other contracts	758	758	449	449
	758	758	449	449

5 Other income

	Group 31/7/23 £ (000)	University 31/7/23 £ (000)	Group 31/7/22 £ (000)	University 31/7/22 £ (000)
Other income generating activities	80	68	91	73
Residences and catering operations	752	752	473	473
Other income (including European grants)	5,226	5,335	4,592	4,675
Recharges for the provision of combined services	327	327	315	315
Deferred capital grants	955	955	1,019	1,019
	7,340	7,437	6,490	6,555

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.

6 Endowment and investment income

	Group 31/7/23 £ (000)	University 31/7/23 £ (000)	Group 31/7/22 £ (000)	University 31/7/22 £ (000)
Bank deposit interest	549	549	50	50
	549	549	50	50

Falmouth University
Notes to the consolidated financial statements
for the year ended 31 July 2023 (continued)

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

	Group 31/7/23 £ (000)	University 31/7/23 £ (000)	Group 31/7/22 £ (000)	University 31/7/22 £ (000)
Grant income from the OfS	4,796	4,796	3,690	3,690
Grant income from other bodies	758	758	449	449
Fee income for research awards	190	190	147	147
Fee income for taught awards	60,270	60,270	52,279	52,279
	<u>66,014</u>	<u>66,014</u>	<u>56,565</u>	<u>56,565</u>

7 Staff costs

	Group 31/7/23 £ (000)	University 31/7/23 £ (000)	Group 31/7/22 £ (000)	University 31/7/22 £ (000)
Wages and salaries	27,390	27,570	25,639	25,736
Social security costs	1,858	1,858	2,006	2,006
Other pension costs	4,117	4,117	6,219	6,219
	<u>33,365</u>	<u>33,545</u>	<u>33,864</u>	<u>33,961</u>

Senior Staff Remuneration Annual Statement

Approach to remuneration

a) Remuneration Committee Membership and Terms of Reference

The Membership of Remuneration Committee is determined in the published [Terms of Reference](#), the Vice-Chancellor & Chief Executive is not a Member of Remuneration Committee.

The Remuneration Committee has formally adopted the Higher Education Senior Staff Remuneration Code (2021) and this statement complies with the reporting requirements of the Code.

Postholders within the remit of Remuneration Committee for the 2022-23 pay decisions were the Vice-Chancellor & Chief Executive, Provost & Deputy Vice-Chancellor; Pro-Vice-Chancellor (Marketing and Engagement); Chief Operating Officer, and Strategic Advisor to the Vice-Chancellor.

b) 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 knowledge exchange programmes for regional, national and international impact. The University's Strategy sets out the Mission, Vision and Values approved by the Board of Governors, accessible here: [Corporate Information | Falmouth University](#)

c) Remuneration Policy

Base pay is reviewed for each designated post-holder 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.

Falmouth University
Notes to the consolidated financial statements
for the year ended 31 July 2023 (continued)

Regarding Cost of Living, the Remuneration Committee decided that, in line with national HE sector pay negotiations, a 3% cost of living increase was to be provided for Designated Post Holders for 2022-23. Furthermore, in line the national HE sector, an additional 2% cost of living increase was provided to Designated Post Holders as an interim pay uplift with effect from 1 February 2023.

- **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 groups of institutions in the Higher Education sector, specifically:

- All institutions (income £40m-£100m)
- Post-1992 institutions (income £40m-£100m)
- Rest of England (up to £100m income)
- Mean of the median for the above
- In addition to the above, Xpert HR comparative salary data for posts not focused on academic leadership

The committee also considers analysis of internal salary distributions, and considers any changes or developments to the role during the period that may justify an amendment to remuneration.

d) Total remuneration for the Vice-Chancellor & Chief Executive

The Vice-Chancellor & Chief Executive's remuneration, along with comparisons against the previous year, are shown in the table below:

Remuneration for the Vice-Chancellor	2022/23	2021/22	2021/22
	Prof E Hunt	Prof E Hunt	Prof A Carlisle
	01/08/22-31/07/23	01/01/22-31/07/22	01/08/21-31/12/21
Salary	£197,182	£110,834	£123,214
Payment in lieu of notice	-	-	£48,140
Benefits	£2,394	£476	£5,320
Subtotal	£199,576	£111,310	£176,674
Pension / payment in lieu of pension costs	£41,014	£23,053	£13,963
Total	£240,590	£134,363	£190,637

e) 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' (CUC) 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 5.2 (2021/22: 6.38 to 31/12/21 and 5.23 from 01/01/22).

Falmouth University
Notes to the consolidated financial statements
for the year ended 31 July 2023 (continued)

Using the OfS directed calculation, the pay multiple of the Vice-Chancellor & Chief Executive and the median earnings of the institutions whole workforce is 5.2 (2021/22: 6.4 to 31/12/21 and 5.2 from 01/01/22).

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 5.76 (2021/22: 6.39 to 31/12/21 and 5.98 from 01/01/22).

External Appointments and Expenses

It is often helpful to the University for its staff to hold non-executive director or trustee roles, or undertake other external engagements. The University's policy is that 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):

Board Memberships – by Invitation

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

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

Falmouth University
Notes to the consolidated financial statements
for the year ended 31 July 2023 (continued)

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

	Group 31/7/23 Number	University 31/7/23 Number	Group 31/7/22 Number	University 31/7/22 Number
£110,000 - £114,999 pa	-	-	1	1
£115,000 - £119,999 pa	1	1	-	-
£125,000 - £129,999 pa	-	-	1	1
£130,000 - £134,999 pa	-	-	1	1
£135,000 - £139,999 pa	1	1	-	-
£145,000 - £149,999 pa	-	-	1	1
£155,000 - £159,999 pa	1	1	-	-

Average staff numbers (FTEs) by major category:

	Number	Number	Number	Number
Academic departments	341	264	326	282
Research & innovation	30	11	30	11
Academic support services	93	36	85	38
Administration	140	55	135	61
	<u>604</u>	<u>366</u>	<u>576</u>	<u>392</u>

Compensation for loss of office

The total amount of any compensation for loss of office paid by the University for the year ended 31 July 2023 was £292k and relates to 13 posts (£34k for 10 posts to 31 July 2022). These figures include statutory redundancy and voluntary severance payments.

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 University Executive Group (UEB) as its key management personnel. This consists of following roles:

Vice-Chancellor & Chief Executive Officer
Provost & Deputy Vice-Chancellor (to 31 August 2023)
Pro Vice-Chancellor (Research and Knowledge Exchange)
Pro Vice-Chancellor (Marketing and Engagement)
Chief Operating Officer (to January 2023)
Executive Director of Estates, Infrastructure & Operations (from July 2023)
Executive Director, Finance, Audit & Risk
Executive Director, People & Culture
Strategic Advisor to the Vice-Chancellor (to Dec 2022)
Staff costs includes compensation paid to key management personnel.

	Group 31/7/23 £ (000)	University 31/7/23 £ (000)	Group 31/7/22 £ (000)	University 31/7/22 £ (000)
Key management personnel remuneration	1,040	1,040	1,201	1,201

Falmouth University
Notes to the consolidated financial statements
for the year ended 31 July 2023 (continued)

Governors acting as Trustees

No governor has received any remuneration or waived payments from the group during the year (2022: none). The total expenses paid to or on behalf of seven governors was £2,797 (2021/22: £3,020 paid to five governors). This represents travel and subsistence expenses incurred in attending Board, committee meetings and charity events in their official capacity.

Access and Participation

	Group 31/7/23 £ (000)	University 31/7/23 £ (000)	Group 31/7/22 £ (000)	University 31/7/22 £ (000)
Access Investment	1,165	1,165	934	934
Financial Support	-	-	-	-
Disability Support	147	147	107	107
Research and Evaluation	170	170	107	107
	<u>1,482</u>	<u>1,482</u>	<u>1,148</u>	<u>1,148</u>

8 Other operating expenses

	Group 31/7/23 £ (000)	University 31/7/23 £ (000)	Group 31/7/22 £ (000)	University 31/7/22 £ (000)
Teaching materials and expenses	4,747	4,747	3,190	3,190
Partnership teaching costs	9,268	9,268	6,436	6,436
Library and learning resource costs	1,380	1,380	1,661	1,661
IT support costs	2,361	2,361	2,434	2,434
Student support costs	1,979	1,979	1,609	1,609
Recruitment and restructuring costs	333	333	180	180
Research costs	640	640	543	543
Auditors remuneration - external audit fees	82	79	74	71
Auditors remuneration - internal audit fees	28	28	3	3
Auditors remuneration - non audit fees	-	-	-	-
Administrative expenses	3,625	3,552	2,697	2,681
Advertising and promotional expenses	2,285	2,285	2,109	2,109
Bursaries payable	942	942	757	757
Heat, light, rates and water	2,380	2,380	1,839	1,839
Repairs and maintenance to premises	5,266	5,266	4,970	4,970
Inter-campus transport	30	30	19	19
Rents and property leases	54	54	73	73
Other income generation costs	191	180	476	459
	<u>35,591</u>	<u>35,504</u>	<u>29,070</u>	<u>29,034</u>

9 Interest and other finance costs

	Group 31/7/23 £ (000)	University 31/7/23 £ (000)	Group 31/7/22 £ (000)	University 31/7/22 £ (000)
On bank loans not wholly repayable within five years	589	589	249	249
Pension finance costs	259	259	933	933
	<u>848</u>	<u>848</u>	<u>1,182</u>	<u>1,182</u>

Falmouth University
Notes to the consolidated financial statements
for the year ended 31 July 2023 (continued)

10a Analysis of 2022/23 expenditure by activity - Group

	Staff costs	Other operating expenses	Depreciation	Interest payable	2022/23 Total	2021/22 Total
	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)
Academic departments	21,150	14,200	857	-	36,207	30,474
Academic support services	2,294	3,960	583	-	6,837	6,948
Research grants & contracts	1,345	643	-	-	1,988	1,936
Residences and catering	330	828	-	-	1,158	214
Premises	-	7,729	2,370	589	10,688	9,673
Administration & central services	7,895	8,034	16	259	16,204	17,831
Other services	351	197	-	-	548	944
Total	33,365	35,591	3,826	848	73,630	68,020

The depreciation charge has been funded by:

Deferred capital grants	1,593
General income	2,233
	<u>3,826</u>

10b Access and Participation

	Group 31/7/23	University 31/7/23	Group 31/7/22	University 31/7/22
	£ (000)	£ (000)	£ (000)	£ (000)
Access Investment	1,751	1,751	1,682	1,682
Financial Support (i)	745	745	713	713
Disability Support	771	771	541	541
Research and Evaluation (ii)	188	188	228	228
	<u>3,455</u>	<u>3,455</u>	<u>3,164</u>	<u>3,164</u>

- (i) Included in Financial Support in 2021/22 and 2022/23 is additional expenditure following the receipt of hardship funding from OfS.
- (ii) £170k (2021/22: £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>

Falmouth University
Notes to the consolidated financial statements
for the year ended 31 July 2023 (continued)

11 Fixed asset schedule

Group	Assets in the course of construction £ (000)	Land and buildings £ (000)	Fixtures, fittings & equipment £ (000)	Total £ (000)
Cost or valuation				
B/f as at 1 August 2022	214	124,252	22,056	146,522
Additions	600	-	1,637	2,237
Transfers	(214)	-	214	-
C/f as at 31 July 2023	600	124,252	23,907	148,759
Depreciation				
B/f as at 1 August 2022	-	16,995	20,067	37,062
Charge for the year	-	2,348	1,478	3,826
Impairment	-	135	-	135
C/f as at 31 July 2023	-	19,478	21,545	41,023
Net book value				
As at 31 July 2022	214	107,257	1,989	109,460
As at 31 July 2023	600	104,774	2,362	107,736
University				
Cost or valuation				
B/f as at 1 August 2022	214	124,336	21,717	146,267
Additions	600	-	1,637	2,237
Transfers	(214)	-	214	-
C/f as at 31 July 2023	600	124,336	23,568	148,504
Depreciation				
B/f as at 1 August 2022	-	16,995	19,841	36,836
Charge for the year	-	2,348	1,478	3,826
Impairment	-	135	-	135
C/f as at 31 July 2023	-	19,478	21,319	40,797
Net Book Value				
As at 31 July 2022	214	107,341	1,876	109,431
As at 31 July 2023	600	104,858	2,249	107,707

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
for the year ended 31 July 2023 (continued)

12 Investment assets

	Group	University	Group	University
	2023	2023	2022	2022
	£ (000)	£ (000)	£ (000)	£ (000)
Investment in subsidiary companies	-	4	-	4
Interest in associates	633	527	577	527
Interest in jointly controlled entity	-	-	-	-
	<u>633</u>	<u>531</u>	<u>577</u>	<u>531</u>

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

Name	Company registered number
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 carried out on behalf of the University.

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 2023.

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 2023.

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 2023.

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
for the year ended 31 July 2023 (continued)

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:

	2023	2022
	£ (000)	£ (000)
Share of fixed assets	36,908	37,652
Share of current assets	1,019	1,920
Share of current liabilities	(3,848)	(3,851)
Share of long-term liabilities	(16,324)	(17,802)
Share of pension liability	-	(2,026)
	17,755	15,893
Share of income	18,091	17,343
Share of (deficit)/surplus for the year	(374)	79
Share of tax payable	-	-
Share of total comprehensive income	1,862	11,244

Interest in associates comprises:

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

In August 2020 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:

Name	Company number	Shares	% shareholding
Stream TV Limited	8471003	100	5

Shares in this company 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
Notes to the consolidated financial statements
for the year ended 31 July 2023 (continued)

13 Debtors

	Group	University	Group	University
	2023	2023	2022	2022
	£ (000)	£ (000)	£ (000)	£ (000)
Fees and charges	3,715	3,715	3,364	3,364
Trade debtors	816	813	864	864
Prepayments and accrued income	1,008	1,001	1,441	1,430
ERDF and ESF grants due	970	970	439	439
Amounts owed by group undertakings	-	-	-	112
Sundry debtors	35	35	15	15
Bad debt reserve	(939)	(939)	(768)	(768)
	<u>5,605</u>	<u>5,595</u>	<u>5,355</u>	<u>5,456</u>

14 Creditors – amounts falling due within one year

	Group	University	Group	University
	2023	2023	2022	2022
	£ (000)	£ (000)	£ (000)	£ (000)
Bank loan	809	809	826	826
Bank overdraft	5	5	13	13
Trade creditors	1,607	1,607	1,158	1,158
Accruals and deferred income	8,328	8,063	7,599	7,310
Social security and other taxation	1,308	988	1,154	914
Amounts owed to group undertakings	-	273	-	-
Amounts owed to jointly controlled entities	334	334	217	217
Other creditors	73	73	142	142
	<u>12,464</u>	<u>12,152</u>	<u>11,109</u>	<u>10,580</u>

15 Creditors – amounts falling due after more than one year

	Group and University	
	2023	2022
	£ (000)	£ (000)
Accruals and Deferred income	51,117	51,878
Bank loans	10,013	10,822
	<u>61,130</u>	<u>62,700</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.

	Group and University	
	2023	2022
	£ (000)	£ (000)
Amounts repayable on loans:		
In one year or less	809	826
In more than one year but not more than two years	809	809
In more than two years but not more than five years	7,897	2,272
In more than five years	1,307	7,741
	<u>10,822</u>	<u>11,648</u>

Falmouth University
Notes to the consolidated financial statements
for the year ended 31 July 2023 (continued)

	Amount £ (000)	Term	Interest rate %
Lloyds Bank plc	2,072	2035	2.25% above base rate
RBS	8,750	2027	1.3% above base rate
	10,822		

16 Provisions for liabilities

	Enhanced Pension Provision £ (000)	Relocation costs £ (000)	Total £ (000)
Group & University			
Balance at 1 August 2022	498	59	557
Transferred from Income and expenditure	(9)	54	45
Utilised in the year	(47)	(59)	(106)
Balance at 31 July 2023	442	54	496

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 2023. 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 17.

17 Endowments

	Group and University	
	2023	2022
	£ (000)	£ (000)
Permanent and expendable endowments		
Balance brought forward	27	27
Bursaries awarded	-	-
Balance carried forward	27	27

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

18 Revaluation reserve

	Group 2023 £ (000)	University 2023 £ (000)	Group 2022 £ (000)	University 2022 £ (000)
Balance brought forward	12,932	-	13,192	-
Share of movement in jointly controlled entity's revaluation reserve	(260)	-	(260)	-
	12,672	-	12,932	-

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19 Analysis of changes in net funds

	At 1 Aug 2022 £ (000)	Cashflow: £ (000)	At 31 July 2023 £ (000)
Cash and cash equivalents	22,675	1,668	24,343
Overdraft	(13)	8	(5)
Total	<u>22,662</u>	<u>1,676</u>	<u>24,338</u>

20 Consolidated reconciliation of net funds

	31 July 2023 £ (000)
Net funds 1 August 2022	11,014
Movement in cash and cash equivalents	1,676
Other non-cash changes	826
Net funds 31 July 2023	<u>13,516</u>

Analysis of net funds:	31 July 2023 £ (000)	31 July 2022 £ (000)
Cash and cash equivalents	24,343	22,675
Borrowings: amounts falling due within one year		
Secured loans	(809)	(826)
Bank Overdraft	(5)	(13)
	<u>(814)</u>	<u>(839)</u>
Borrowings: amounts falling due after more than one year		
Secured loans	(10,013)	(10,822)
	<u>(10,013)</u>	<u>(10,822)</u>
Net funds	<u>13,516</u>	<u>11,014</u>

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:

	31/7/23 £ (000)	31/7/22 £ (000)
CC Pension Scheme: Charge to the Income and expenditure account (note 7)	1,733	3,636
USS Pension Scheme: exit charge paid less creditor brought forward (note 7)	(21)	112
Teachers' Pension Scheme: contributions paid (note 7)	2,405	2,471
	<u>4,117</u>	<u>6,219</u>
Enhanced pension charge to Income and expenditure account (note 16)	(9)	21
Total pension cost for the year	<u>4,108</u>	<u>6,240</u>

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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 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 2023 was £1,874k (2022: £2,031k) of which employer's contributions totalled £1,467k (2022: £1,590k) and employees' contributions totalled £407k (2022: £441k).

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The actuarial valuation of the scheme at 31 March 2022 showed a deficit of £100m. Employers' contribution rates during the year to 31 March 2023 were 18.1% plus an annual lump sum of £376,000. From 1 April 2023 the rate is 23.1% and the lump sum £166,000. Employees pay tiered contributions and these were between 5.5% and 12.5% (2022: 5.5% to 12.5%).

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 rolled forward to 31 July 2023 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:	2023 %	2022 %
Rate of increase in salaries	3.00	2.70
Inflation - CPI	3.00	2.70
Rate of increase for pensions in payment	3.00	2.70
Discount rate for liabilities	5.05	3.50
Commutation of pensions to lump sums- membership post April 2008	60.0	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 60% of the maximum tax-free cash for post-April 2008 service.

	Males	Females
Current Pensioners (65 years of age as at last triennial valuation)	21.9 years	24.1 years
Future Pensioners (45 years of age as at last triennial valuation)	22.6 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:

	Long-term rate of return expected at 31 July 2023 %	Bid value at 31 July 2023 £(000)	Long-term rate of return expected at 31 July 2022 %	Bid value at 31 July 2022 £(000)
Equities	3.0	22,850	2.7	22,432
Bonds	3.0	14,957	2.7	15,660
Property	3.0	2,908	2.7	3,386
Cash	3.0	831	2.7	846
Estimated employers' share of scheme assets		41,546		42,324
Present value of scheme liabilities- Funded		(40,853)		(49,667)
Non-recognition of pension asset *		(693)		-
Deficit in the scheme		-		(7,343)

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- As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the University will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102.

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 2023.

Actual return on assets

	2023	2022
	£'000	£'000
Actual return on assets	2,269	153

Analysis of the amount charged to Income and Expenditure account

	2023	2022
	£(000)	£(000)
Current service cost	1,597	3,728
Total operating charge	1,597	3,728

Analysis of pension finance costs

	2023	2022
	£(000)	£(000)
Interest income on plan assets	(1,501)	(652)
Interest on pension scheme liabilities	1,760	1,585
Net cost	259	933

Amount recognised in other comprehensive income (OCI)

	2023	2022
	£(000)	£(000)
Actuarial gain recognised in OCI in the year	7,732	30,192
Cumulative actuarial gain recognised in OCI at 1 August	10,043	(20,149)
Cumulative actuarial gain/(loss) recognised in OCI at 31 July	17,775	10,043

Asset and Liability Reconciliation

	2023	2022
	£ (000)	£ (000)
Reconciliation of Liabilities		
Liabilities at start of period	49,667	74,437
Current service cost	1,597	3,728
Past service cost	-	58
Interest cost	1,760	1,585
Employee contributions	407	441
Remeasurements *1	(11,889)	(30,039)
Estimated benefits paid	(689)	(543)
Liabilities at end of period	40,853	49,667

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	2023	2022
	£ (000)	£ (000)
Reconciliation of Assets		
Assets at start of period	42,324	40,031
Interest income on plan assets	1,501	652
Remeasurements *2	(3,464)	153
Employer contributions	1,467	1,590
Employee contributions	407	441
Estimated benefits paid (net of transfers in)	(689)	(543)
Assets at end of period	<u>41,546</u>	<u>42,324</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 2023 by £2,502,000.

	2023	2022
	£(000)	£(000)
*1 Remeasurements of liabilities	11,889	30,039
*2 Remeasurements of assets	(3,464)	153
Non-recognition of pension asset	(693)	-
Actuarial gain recognised in OCI at 31 July- University	<u>7,732</u>	<u>30,192</u>
Share of joint venture's actuarial gain	2,236	11,244
Actuarial gain recognised in OCI at 31 July- Group	<u>9,968</u>	<u>41,436</u>

History of liabilities, assets and experience adjustments

	2023	2022	2021	2020	2019
	£(000)	£(000)	£(000)	£(000)	£(000)
Scheme liabilities	(40,853)	(49,667)	(74,437)	(61,415)	(50,235)
Scheme assets	41,546	42,324	40,031	33,961	33,115
Non-recognition of pension asset	(693)	-	-	-	-
Deficit	-	(7,343)	(34,406)	(27,454)	(17,120)
Experience adjustments on Scheme liabilities	11,889	29,674	(8,831)	(6,623)	(5,040)
Experience adjustments on Scheme assets	(3,464)	153	3,987	(1,796)	2,235

Pension scheme – USS (Group and University)

The University paid under section 75 to cease membership of the USS scheme during the year.

22 Capital commitments

	Group and University	
	2023	2022
	£ (000)	£ (000)
Authorised but not committed	<u>119</u>	<u>207</u>
Commitments contracted at 31 July	<u>33</u>	<u>180</u>

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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 £18m as at the year end (total loans are £35m). These term loans are repayable over various terms up to 39 years and £11.5m is at a fixed interest rate. The commitment that sits with Falmouth has an annual repayment requirement of £1.5m whilst the remainder rests with FX Plus and is met through the annual rental income which, for 2023/24, 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.

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.

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The FX Plus Group has capital commitments as follows:

	2023	2022
	£ (000)	£ (000)
Authorised but not committed	62	413
Commitments contracted at 31 July 2023	14	361

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:

	Purchases from related parties £ (000)	Sales to related parties £ (000)	Amounts owed to related party £ (000)	Amounts owed by related party £ (000)
Falmouth Exeter Plus Group				
2023	14,028	141	333	-
2022	14,141	184	217	-

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:

	Year to 31/7/23 £ (000)	Year to 31/7/22 £ (000)
Block grant	570	520
Sports	30	30
	600	550

