

ANNUAL
REPORT
2018/19

DOING IT
FOR REAL

FALMOUTH
UNIVERSITY

Board of Governors*

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Chair of the Board of Governors

I'm pleased to be writing the introduction to another Annual Report in which there is much to be celebrated. Through its teaching, research and innovation, Falmouth University continues to make a positive impact for its students, in its local community, in the Creative Economy and across the globe.

I'm fortunate to get the opportunity to visit the University campuses frequently, and am always inspired by what I discover there. Our students are doing it for real. Working in transdisciplinary teams, often working with external businesses and organisations, to create brilliant campaigns, commercial games, award winning films and original products and ideas.

It is also wonderful to observe how our pioneering research and innovation is doing it for real and driving growth in the local economy. Only two years after being founded, Launchpad is producing remarkable digital businesses that are creating jobs and driving productivity in Cornwall.

I'm very proud of the fact that Falmouth is such a forward facing institution. We've got a history of nearly 120 years, but we're looking to 2030, anticipating the opportunities and challenges provided by scientific and industrial advancement and responding; diversifying our approach, adopting Open Innovation and capitalising on the power of creativity, combined with new technology. Such a proactive attitude is essential in a period of such uncertainty. For our sector and across the political and social landscape more widely, this year has been turbulent, to say the least.

The market for student recruitment remains challenging and this year, our undergraduate on-campus numbers have not continued the upward trend of previous years. However, our strategy is to diversify our academic provision to deliver more choice for students, via collaborative programmes and off-campus learning. I am pleased that Falmouth's student population remains steady as a result of growth in off-campus student numbers. The institution is in a strong and financially stable position which is allowing us to continue to invest in the student experience, our staff and our campus environment.

There are, as always, sector-wide issues that we, like all other Higher Education Institutions, must consider and manage. The University has proactively addressed some of these themes and challenges this year and will continue to follow these matters carefully.

While we await the outcome of Brexit and how it may impact the sector, we remain committed to leveraging our resources, knowledge, connections and creative capital for the benefit of our local community and economy, and on delivering the best possible teaching and research.



Chris Pomfret OBE
Chair of the Board of Governors



**Our Chair Chris Pomfret OBE
pictured at the Creative Bridge
Opening Ceremony**

Vice-Chancellor & Chief Executive

It has been another strong year for Falmouth University and one which marks a special milestone for me personally; it has been ten years since I joined the University.

I am very proud of where the University is now; delivering gold-standard teaching, positioned right at the heart of the Creative Economy, pushing the boundaries of what creativity and technology can do, working hand-in-hand with regional strategic partners and a global network of industry connections, to drive economic and cultural success.

What is so special about Falmouth is the clear commitment to a supportive, collaborative environment, in which students flourish and innovation, creativity and ideas are celebrated.

I am delighted that this year, Falmouth University's reputation as a place for creative digital innovation has continued to grow. Our research community is flourishing and work is on-going to lay the groundwork for our REF submission in 2020 and to prepare the way to Research Degree Awarding Powers by 2021.

I am particularly pleased that the Launchpad programme has gone from strength to strength in the last twelve months and that through its outputs, we are contributing to Cornwall's growth. The programme is attracting inward investment, creating global partnerships and building sustainable, high-growth, high value digital businesses in the county.

Of course, despite these successes, we are focussed on the work required to deliver against the ambitious targets set out in our 2030 Strategy.

Across the sector, universities are rightly responding to the changing demands of their students and the market, and Falmouth is no different. Our work on student satisfaction and retention is ongoing; we're focussing our efforts on improving the student experience, student retention and achieving great graduate outcomes.

We're also reacting to the opportunities afforded by the fourth industrial revolution. Seeing the potential value of new technology across industrial sectors, this year we've launched exciting new courses in Creative Robotics, Immersive Computing and Creative Virtual Reality.

There is much more to do and I look forward to what comes next. Building on what has been achieved so far, we're working to transform our curriculum so that it talks to flexibility, trans-disciplinarity, challenge and teamwork. We'll be continuing the successes of our online learning and Collaborative Provision with further development, new partners and new models. And we'll be 'doing it for real' and identifying and promoting new ventures to rebalance our income sources in line with our Financial Strategy.

It's an exciting time to be at Falmouth University.



Professor Anne Carlisle OBE
Vice-Chancellor & Chief Executive



Vice Chancellor & Chief Executive, Professor Anne Carlisle OBE, pictured speaking to Deputy Executive Chair and Chief Business Officer for Innovate UK, Simon Edmonds, at the Creative Bridge Opening Ceremony

Our year in successes



October 2018

Our BA (Hons) Architecture degree is validated by the Royal Institute of British Architects, in recognition of the quality and innovation in architectural education at Falmouth.



November 2018

Falmouth University becomes a signatory to the Technician Commitment, a sector wide project raising visibility of technicians while supporting their career development and ensuring the sustainability of their expertise.



January 2019

New, cutting edge courses in Creative Robotics, Virtual Reality and Immersive Computing are launched.



February 2019

Bait, a film made by Mark Jenkin, Associate Lecturer in Film, and crewed by staff, students and graduates from Falmouth University, premiered at the Berlin International Film Festival to wide acclaim.



March 2019

A collaborative project, led by the Cornwall and Isles of Scilly LEP with Falmouth University and the Cornwall Museums Partnership, received an offer letter from the Coastal Communities Fund for nearly £700,000 towards the wAVE (Augmented & Virtual Experiences) project that will transform museum and heritage spaces in Cornwall.



March 2019

The Creative Bridge and Launchpad Buildings were officially opened during a day of talks, panel discussions and presentations that celebrated the institution's impact driven research and innovation activity.



March 2019

Falmouth University breaks into the Princeton Review's global ranking of Top Schools For Game Design 2019, making Falmouth one of only three European institutions to be featured as a top 25 games school.



June 2019

Launchpad receives additional ERDF investment to take its award winning methodology into rural and remote parts of Cornwall and the Isles of Scilly. Launchpad Outreach delivers business and innovation support activity to help established local businesses to grow.



June 2019

Falmouth University declares a climate and ecological emergency, in recognition of the threat that climate change poses to the environment and communities, both locally and globally.



August 2019

Falmouth University and the University of Exeter invest in shared spaces on the Penryn campus. The Future Spaces project, a major two part development, will create new, flexible academic spaces and vibrant social environments for students and staff.

Our position

Falmouth has always been a place where creativity, collaboration, innovation and change making is celebrated.

Now we've got a focus on the future and we're exploring the potential of new technology and entrepreneurship, pushing boundaries and capitalising on the power of creativity.

With a dynamic course portfolio that spans the breadth of the Creative Economy, and our 'doing it for real' approach, Falmouth University is nurturing the skills, talent and ideas that will make an impact in the creative economy.

We're TEF Gold rated. Our cutting edge, industry facing teaching is underpinned by world class facilities and resources. We're working hard to ensure that our students are equipped with the skills and know how they need to succeed after graduation.

Falmouth's research programmes are built on the principle of Open Innovation - the idea that the grand challenges of our age can be addressed most effectively when tackled collaboratively across disciplinary boundaries.

Our researchers focus on delivering impact for lives and economies through the development of new knowledge, solutions, services and products.

Falmouth University acts as an anchor institution in Cornwall, partnering with public and private sector organisations to support the county's economic, skills and enterprise agendas.



This year, the institution identified its top KPIs, drawn from the 2030 Strategic Plan. These KPIs were approved by the Board and so have been incorporated into this report.



Our people

What really makes Falmouth special is our people. Our vibrant, inspiring and inclusive student community, our outstanding academic staff, talented professional services teams and growing research community all contribute to Falmouth's success and will be critical in our journey to 2030.

Our student body

In an era of increased student investment in their education, we are committed to delivering increased student satisfaction and great graduate outcomes. This will be underpinned and evidenced through our retention of TEF Gold.



Teaching Excellence and Student Outcomes Framework:
retain teaching excellence framework gold status, with sub targets for:

The teaching on my course
(National Student Survey data)

Continuation (retention)
(Higher Education Statistics Agency data)

Student Satisfaction

This year's National Student Survey (NSS) overall satisfaction remained at 80% (against a sector average of 84%), but as in the previous year saw stronger scores on the teaching related questions which inform the Teaching Excellence Framework, with performance now at or above the sector average for six out of eight of these themes.

Following the 2018 results we revised our approach to the enhancement of the student experience and identified and prioritised courses for additional support. Those courses that benefited from this enhanced support saw an average thirteen percent increase in their overall satisfaction against a flat result both within the wider University and the sector. The approach has been evaluated by Academic Board and approved for implementation again during 2019/20.

Theme	KPI Ref	Measure	Target Year			Actuals
			2018/19	2019/20	2029/30	2018/19
Being Gold	FAL 01	The teaching on my course	84%	85%	89	84%
		Continuation	92%	93%	Baseline+4	92.5%



Student Retention

A decision to leave University without completing a qualification has a significant impact on a student's financial position and their ability to obtain funding for higher education in the future. Therefore our approach to retention is grounded in ensuring that our students succeed so that they can pursue their chosen futures.

Retention for the 2018/19 academic year marginally increased to 93.6% compared to 92.7% in the previous year. This improvement was driven mainly by increased retention for students in their second and third years.

During 2018/19 the University undertook significant work to improve retention through improved reporting, including demonstrating the financial impact of student withdrawals to budget holders. Given retention is not the only measure of student withdrawal we have also continued to develop our summer call-out scheme, with Course Teams and Student Mentors calling all returning students to support their transition between years.

Recognising that transition into university is also crucial we have worked with The Students' Union to redevelop our induction programme to run alongside courses for the first 5 weeks of the new academic year, next year. The New 'Your University Toolkit' programme comprises three integrated sessions designed to familiarise students with some of the important resources, services and opportunities that are available to them throughout the year. They are:

- My Study Skills
- My Wellbeing
- My Student Life

Following the successful pilot in 2018/19 we have also confirmed our commitment to the full deployment of an electronic attendance monitoring system to enable students to monitor their own engagement and course teams to identify and offer support to students in a timely manner.



Student wellbeing

At a time when student mental health and wellbeing is a matter of high profile concern on campuses across the country, Falmouth University, through our Student Support team and academic colleagues, is working hard to provide an environment where our students feel safe, secure and supported and where they can develop the skills and resilience that will stand them in good stead during their studies and after graduation.

A cross-University Student Wellbeing Task Group was constituted this year, to develop a ‘whole university’ approach and deliver positive change in student mental health support. The Group worked in a focused way, established outline principles for a ‘healthy curriculum’, initiated a review of wellbeing across the student life-cycle and agreed a Vision for Wellbeing:

“Falmouth University celebrates its diverse community, where students can belong and flourish. Through a whole-university approach we enable students to strengthen their resilience and to be purposeful and successful in their studies and beyond. Our commitment is to “an inclusive, creative, and participatory community and a belief in the importance of putting mental health and wellbeing at the forefront of policy and planning.”

Falmouth University’s Student Support services are delivered by Falmouth Exeter Plus (FX Plus). This year, like all other UK universities, they reported seeing an increase in demand for wellbeing support, matched by an increase in the number of complex cases.

FX Plus services have continued to enhance provision, adding new staff roles, expanding online and face-to-face support, improving triage processes and strengthening partnerships internally and externally. In addition, the team have developed and are delivering a new in-house staff training programme for academic and support staff.



Students' Union activity

The Students' Union (a separate registered charity) represents students from Falmouth University and the University of Exeter (UoE) Cornwall Campuses.

The Students' Union provides over 150 sports clubs and societies giving our students a wealth of ways to enrich their social experience.

Last year, students raised a total of £79,551 for charity. Most of the fundraising was achieved by the Union's Raise and Donate Society which organised challenges, events and campaigns, including marathons and sponsored skydives. Students also donated over 27,647 hours of volunteering time to local, national and international causes.

The Students' Union also 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.

This year, the University was pleased to partner with the University of Exeter in Cornwall to fund a pilot Student Community Warden Scheme in Falmouth. The scheme was delivered by the Students' Union and promoted neighbourly behaviour and building good community relations.

This collaborative approach supports students as active citizens within the community, encouraging positive relationships between the local community and student residents, as well as assisting the Town Council and other partners to improve the local environment and behaviour in residential areas.

The 2018/19 pilot saw student wardens patrol some of the most heavily populated student residential areas of Falmouth, with a particular focus on the Smithick Ward. Student wardens met with residents, listened to concerns, logged complaints, shared advice, and initiated campaigns. They also took part in community events and activities, including litter picking, fundraising activities, and supporting the local food bank.



Graduate Outcomes

Our core purpose is to prepare our students for the future economy and the new types of employment emerging as we face the fourth industrial revolution.

Formally measured in the Destinations of Leavers from Higher Education survey, following the review by HESA of the way in which it collects graduate outcomes data, graduate outcomes will now be assessed via the Graduate Outcomes Survey.

The first survey of graduates was completed in December 2018, and the first data is expected to be published in Spring 2020.

This year, the University has undertaken significant work to support our students as they leave Falmouth and enter the world of work. The University has appointed an Alumni Relations Project Officer, whose role will be to develop our post-graduation offer and to support a structured engagement programme, targeted at the critical months after graduation.

To foster meaningful conversations with academic teams about current industry demands, identify potential gaps in provision, and inform employability curriculum design and delivery, we have also introduced

the Career Readiness survey. This questionnaire, built into the enrolment and re-enrolment process, helps us assess students' perceptions of their career readiness during their time at Falmouth.

In addition, the European Social Funded Innovation in Higher Level Skills placements programme, which commenced delivery in January 2019, is producing excellent results. The programme has delivered over twelve intensive 4-8 week graduate placements with local Cornish SME's, leading to 33% of the graduates gaining direct employment with their host SME.



Our student growth

Our 2030 strategy commits us to growing our student body. However, at a time when applicant choices are changing and employers are increasingly looking for students with transdisciplinary skills, we are planning to do things differently.

By 2024, our recruitment to off-campus and global programmes is expected to exceed recruitment to on-campus courses.

KPI  **Student growth: achieve student number growth target of 15,500 by 2030, with sub-targets for:**

- a. On campus UG and PG
- b. Falmouth Flexible
- c. Falmouth Global

On-campus recruitment

As at 8 October 2018, we enrolled 1,621 new undergraduate students and 145 new postgraduate students on campus. This compares to 1,818 and 118 respectively at the same point the previous year.

These figures represent a 12% fall in on-campus undergraduate recruitment and an 18% increase in on-campus postgraduate recruitment.

Since 2014, higher education growth has slowed which is further compounded by a decline in creative arts subjects being undertaken at GCSE level. Students who are also now digital natives recognise their consumer power and share their experiences online which means the market is increasingly competitive.

For that reason, we use our Market Insight capability to determine market demand as we recognise that applicant choices are rapidly changing and employers require multi-skilled graduates. We continue to develop our on-campus course portfolio to ensure that Falmouth continues to deliver an authentic education in a creative and compelling way.

Theme	KPI Ref	Measure	Target			Actuals
			2018/19	2019/20	2029/30	2018/19
Student Growth Projections	FAL 02	Student Growth Projections	6,661	6,869	15,500	6,707
		(a) Student Number On Campus UG (across all years)	5,033	4,626	6,525	5,018
		(b) Student Number On Campus PG (across all years)	229	291	475	188
		(c) Student Number Falmouth Flexible & Global (cumulative)	1,399	1,952	8,500	1,501

Flexible and Global recruitment

Our off-campus activities continue to flourish. Delivery via our ground-breaking online distance learning platform, Falmouth Flexible, continues to grow with 519 online students this year.

Our dynamic partnerships with industry-leading institutions such as the Academy of Contemporary Music and the Fashion Retail Academy in London also continue to deliver as we welcomed 741 new and returning students at these key partner locations.

We are delighted that education providers with strong industry links and proven track records want to collaborate with us to deliver exciting, industry-facing education content under a Falmouth banner.

This strong recruitment performance encourages us to continue doing things differently. We are continuing to build relationships with quality global education partners so we continue to advance new models of content distribution that build on existing markets and open up new ones.



Income growth and diversification: achieve income target of £134m p.a. by 2030, with sub targets for:

- a. Income from UG and PG tuition fees**
- b. Income from innovation, research and commercial ventures**

Theme	KPI Ref	Measure	Target Year			Actuals
			2018/19	2019/20	2029/30	2018/19
Rebalancing Income Sources	FAL 03	Financial - Total Income (£m)	61.6	59	134	64.8
		(a) Income from UG tuition fees	45	41	58	45.8
		(b) Income from PG tuition fees	1.25	1	3	0.8
		(c) Research Income	1.1	0.9	6	1.0
		(d) Commercialisation income / asset valuation	13.5	16.1	67	17.5

Fair Access

The growth of the University in the early 2000s was driven by the need to increase the provision of higher level skills in Cornwall and we retain our commitment to widening participation, and ensuring fair access to our University for people from Cornwall.

Our Access Agreement (2018/19) and Access and Participation Plan (2019/20), lodged with the Office for Students (OfS), commits Falmouth to £3.5m of investment per year in fair access, outreach, retention and student success projects.

In September 2019 the OfS approved Falmouth's Access and Participation Plan 2020-2025, which articulates Falmouth's contribution to ambitious national targets for improving equality of opportunity for under-represented groups to access, succeed in and progress from Higher Education.

Falmouth University is working in partnership with all other regional universities and HE providers through the National Collaborative Outreach Programme.

We are a partner in the Next Steps South West consortium led by University of Plymouth. This covers target wards in Cornwall, Devon and Somerset, focussing on pupils in Years 9-13, identified as medium or high achievers, with low HE aspiration, and living in nominated postcodes. A diverse range of outreach projects have been designed and delivered collaboratively by partners in the consortium, with robust evaluation of impact throughout.





Our Staff

Without a team of talented, ambitious and committed colleagues, the University could not deliver for its students, its community or for the wider economy. We know that higher levels of staff engagement are associated with higher employee performance, employee retention and student satisfaction.

In 2018 we launched the People Strategy, which is a key element of the overarching 2030 Strategy. Its aim is to embed our people vision, mission and values across all our activity and to implement the projects that will inspire and empower our workforce, so they can achieve their potential, contribute fully to our culture of Open Innovation and be satisfied in their work.

This year, to amplify the employee voice and identify ways the institution can support greater staff engagement, we undertook a Staff Opinion Survey. 61% of staff completed the survey, which showed a strong awareness of the University's 2030 strategic goals, but also that more could be done to facilitate cross departmental communication and collaboration.

Between April and August 2019, a series of Open Innovation Sessions were successfully run with staff across the University to facilitate intra departmental conversations and transdisciplinary thinking.

Together the Staff Opinion Survey and the Open Innovation Session discussions were a powerful means to hear how our colleagues think we can do things differently, both now, and moving towards the 2030 environment.





KPI ▶

Open innovation: achieve target of 40% of staff using open innovation methodology to develop new products and solutions, by 2030

Theme	KPI Ref	Measure	Target Year			Actuals
			2018/19	2019/20	2029/30	2018/19
Making Future People	FAL 07	Open Innovation: Percentage of staff using open innovation methodology to develop new products and solutions	NA	NA	40%	33%

Equal Opportunities

To ensure that our equality, diversity and inclusion ambitions are embedded within our strategic plans we have created a 2030 Equality, Diversity & Inclusion Charter to guide our work within this area. Falmouth University's Equality, Diversity & Inclusion mission is articulated as: "To support Falmouth in being a world class place to study and work, by providing an inclusive environment where there is equal opportunity for a diverse student and staff community to reach their full creative, academic and entrepreneurial potential"

The action plan to deliver this mission has been distilled into specific equality objectives for both staff and students and these have been firmly embedded into our governance and operating models. An Equality and Diversity monitoring group has also been created to monitor and report progress against these objectives with the results published in an annual Equality and Diversity report.

A key development during 2019 was the creation and approval of the 2020-25 Access and Participation Plan which sets out the targets and steps that the University will take to promote better engagement and outcomes for students with particular protected characteristics. This Plan was developed following an extensive consultation and development process, supported by a working group of key Falmouth, FX Plus and Students' Union stakeholders.

In order to support the evaluation of progress an Equality and Diversity dashboard has been created to monitor the core diversity metrics within the University.

Sex

The Falmouth staff profile has further shifted the balance in favour of female staff over the last 12 months, with the male / female split changing from 50.62% female and 49.38% male at Falmouth in 2017/18, to 51.10% female and 48.90% male in 2018/19. While these figures show a relatively even male / female split in Falmouth's staff group, it should be noted that this balance is not so even when analysed across pay grades and occupational groups and further analysis and action planning is therefore being undertaken in this area.

Age

The latest diversity dashboard data illustrates that the age profile of our workforce remains broadly unchanged from 2018, with the proportion of staff age 25 or under having increased slightly from 0.42% to 0.63%, and the proportion of academic staff in the 26-35 age group decreasing from 14.98% to 13.42%. The percentage of academic staff at or above the minimum retirement age of 55 has risen to 25.79%.

Disability

The percentage of staff at Falmouth reporting a disability this year (5.58%) is greater than both the previous year (5.47%) and the national sector average (4.99%). This is likely to be related to a continuing trend of an increase in the percentage of academic staff reporting a disability (6.29%), up from 2017/18 (6.12%), and from 2016/17 (3.98%), while the figures for professional / support staff remain more stable with no change in the percentage of professional / support staff reporting a disability from 2017/18 (4.35%).

Ethnicity

Falmouth has a smaller proportion of staff from non-white ethnic backgrounds (3.18%) than the national average for higher education (12.86%). This figure has decreased slightly from the previous year (3.72%) and plans are being identified to seek to increase representation from non-white ethnic groups across our workforce.

Sexual Orientation

Since 2015 Falmouth has been working to ensure that better quality data is held with regards to the sexual orientation of staff and this year 5.79% of staff indicated their sexual orientation as either lesbian, gay, bisexual (LGB) or other compared to 5.38% the previous year. This figure is significantly higher than the latest ONS 2017 figures that show only 2% of the UK population over the age of 16 identify as LGB. We also recognise the diversity amongst our student population with 12.9% of our enrolled undergraduate students indicating their sexual orientation as LGB or other, which is significantly above the ONS data that shows 4.2% of people aged 16 to 24 years identified as LGB. We celebrate the diversity of our University community and continue to work to ensure

that we develop an inclusive environment for all staff and students.

Analysis of our student profile shows that the University's undergraduate student demographics have remained relatively stable over the past three years with key metrics for 2019 showing:

- A broad sixty – forty split between female and male students respectively
- 90% of our students describe their ethnicity as white, an increase of 3% on the previous year.
- The proportion of Cornish students enrolled has remained steady at 14%, from a baseline of 12% in 2015/16;
- Approximately a quarter (27%) of our students are from POLAR1 and 2 neighbourhoods, those where participation in higher education is the lowest, an increase of 3% on the previous year;
- 27% of our students have disclosed a disability

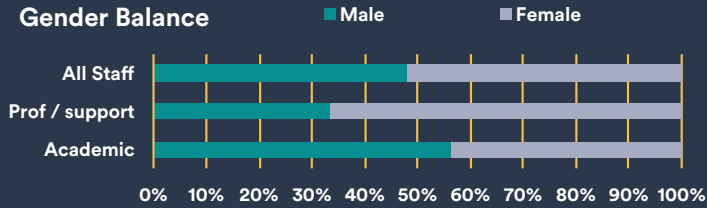
More detailed information on the equality analysis of our University community along with initiatives that have been put in place to create an inclusive environment for all are included in our annual Equality and Diversity Report.

Pensions

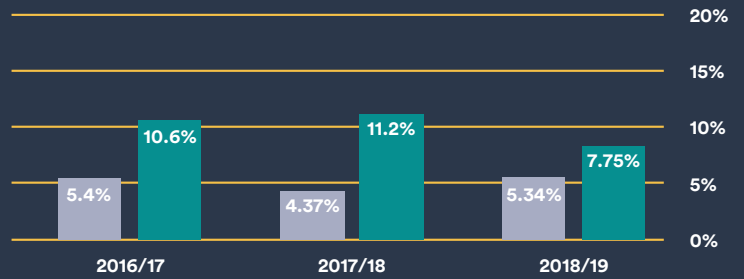
Due to the ongoing cost of pensions and rising deficit contribution rates, the University continues to closely monitor the situation to ensure that any material risk can be effectively managed. Previous actions within this area have included closing the Cornwall Local Government Pension Scheme to new members and offering a more flexible defined contribution scheme.



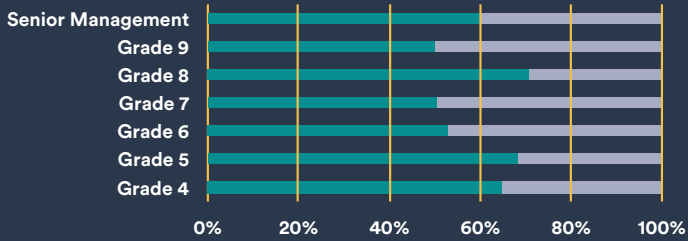
Gender Balance



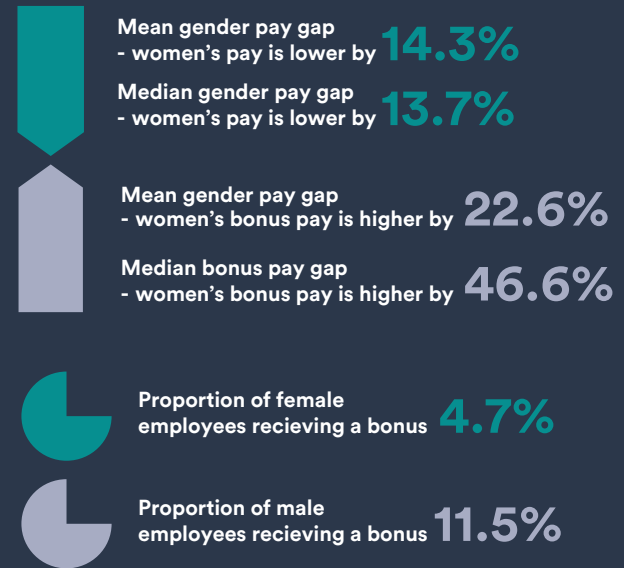
Percentage of Male / Female Academic Staff at Grade 8 or Above



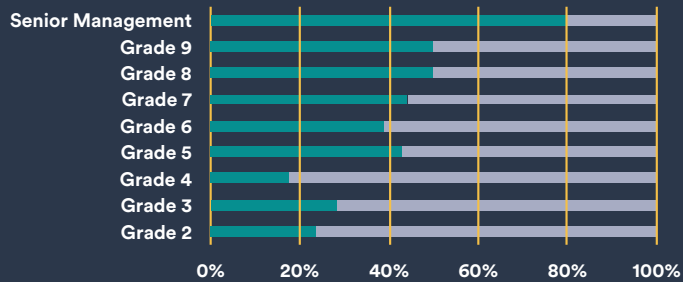
Gender by Grade Academic Staff



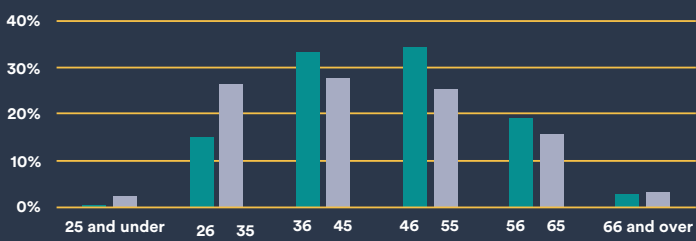
Gender Pay Gap



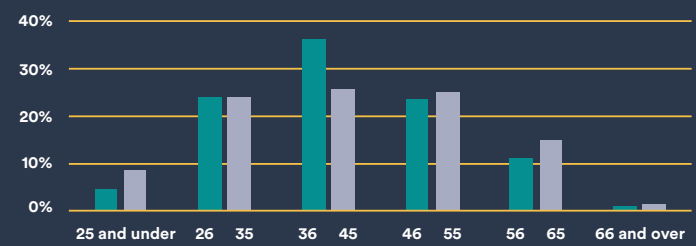
Gender by Grade Professional / Support Staff



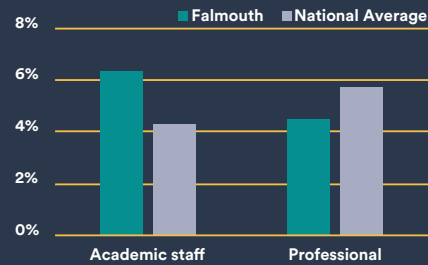
Academic Staff Age Profile



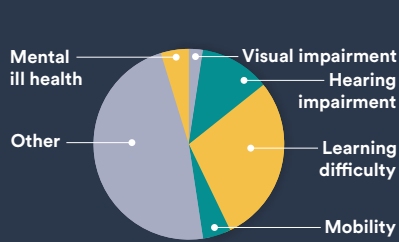
Professional / Support Staff Age Profile



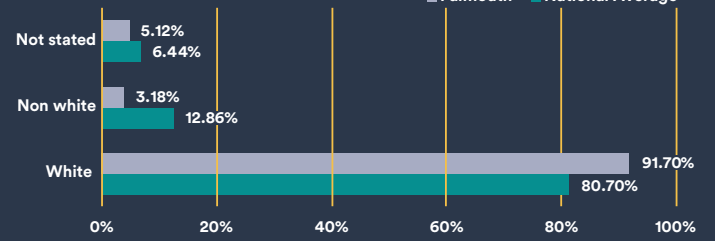
Staff Declaring a Disability



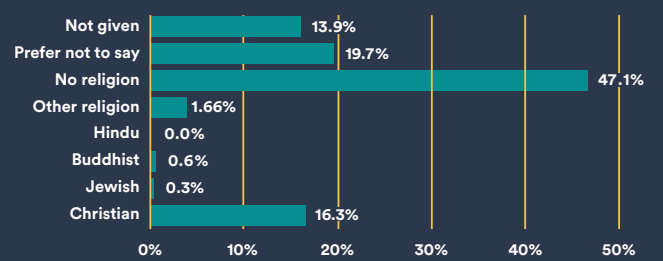
Disability by Type



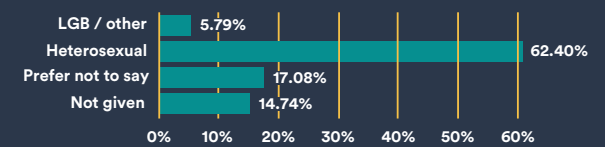
Ethnicity



Religion and Belief



Sexual Orientation



Our Research and Innovation

Research and innovation at Falmouth University is built on the principle of Open Innovation - the idea that the grand challenges of our age can be addressed most effectively when tackled collaboratively across disciplinary boundaries.

We also aim to make a real impact, so are led by the objective of providing solutions to real world problems.

This year was a positive year for Research at Falmouth, as our research community continued to grow and deliver impact driven outputs. Among many highlights, there are a few that stand out.


In early 2019, a LEP led consortia comprising Falmouth University, the Cornwall Museums Partnership and five local museums were awarded funding of £767,000 by the Coastal Communities Fund to deliver the wAVE project. This project which will deliver economic diversification and innovation for five local communities through the creation of Virtual, Augmented and Immersive heritage experiences and of local engagement activities.

In late 2018, Falmouth was one of only 10 UK Universities to be commended for our 3 year strategic plan for our use of the Global Challenges Research Fund.

This project is based on a partnership with the University of Johannesburg and addresses the UN Sustainability Development Goal 5; reducing gender inequality.

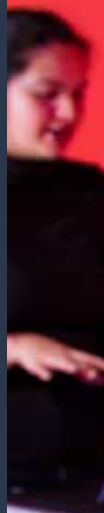
In April 2019, Falmouth hosted an International conference on Artificial Intelligence & Simulation Behaviour. This was the culmination of a five year pilot programme in which Falmouth was the only UK based institution to be awarded European Research Area Chair funding.

The scientific and technological outputs of the project included 57 papers and 252 citations leading to the continued development of the regional digital ecosystem and the knowledge and know how that will enable follow on funding to be secured; funding that will support the economic and skills growth of the region.

KPI  **Enhancing our Research Excellence Framework performance: achieve internal targets for:**

c. level of investment

Theme	KPI Ref	Measure	Target			Actuals
			2018	2019	2030	2018
Research & Innovation	FAL 04	Enhancing our REF Performance				
		(c) Level of investment in research and innovation infrastructure (cumulative since 2009)	£26.9m	£26.9m	£55.1m	£27.4m





A REF2021 Governance structure was established in February 2019, comprising of a REF Steering Group and REF Advisory Panel to oversee the implementation of Falmouth's Code of Practice for the selection of staff for the Research Excellence Framework (REF) 2021. In September 2019, Falmouth's Code of Practice was approved by Research England with only minor amendments required for clarification. The deadline for REF2021 submissions is November 2020.

The RDAP Task and Finish Group are nearing completion of a draft Critical Self Analysis (CSA), which will provide a detailed overview of Falmouth's readiness for an RDAP application. The Research and Development team are working closely with the current validating partner, University of the Arts London, to define a transitional dual validation relationship in the event of a successful RDAP application.

This year, the Launchpad programme went from strength to strength. The new Launchpad building which was part funded by ERDF and £2m from Cornwall Council was opened in March, with a day of talks, panel discussions and presentations that celebrated the institution's research and innovation activity. We were delighted that keynote speeches were delivered by Sir Mark Walport, Chief Executive of UK Research and Innovation, and Simon Edmonds, Deputy Executive Chair and Chief Business Officer for Innovate UK.

Since the last report, Launchpad teams have responded to challenges from partners including HSBC, Twitch TV and Goonhilly Earth Station to develop exciting new products and services. Four companies incorporated at the end of 2017 and are in the acceleration phase with a further 12 due to incorporate by the end of October 2019. The programme is demonstrating widening diversity and participation with 25% female participation and 15% Black, Asian and Minority Ethnic (BAME).

KPI  **Research Degree Awarding Powers: secure degree awarding powers by 2021**

Theme	KPI Ref	Measure	Target		Actuals
			2018/19	2029/30	2018/19
Research & Innovation	FAL 05	Achieving RDAP			
		(a) Number of PhD completions since 2010 (cumulative)	82	127	82
		(b) Number of Professors	10	35	10



Our companies continue to garner international attention and critical acclaim. Glas Data represented Cornwall innovation at a Cornish Trade & Investment event in New Zealand, whilst Codices attended the Twitch TV conference in South Korea with 1000's of streamers and viewers interacting with their technology. The company was listed by Creative England as one of their Creative 50 companies in the UK for 2019. Moonshine Studios were announced by Google in Los Angeles in 2019 as a launch title for their new Stadia streaming platform and Data Duopoly won the UK Space Conference 2019 'Pitch to the Primes' competition.



Doing it for Real: achieve company creation and new job targets:

- a. create 111 new companies by 2030**
- b. achieve target of 1,575 new jobs created through start-ups by 2030**

Theme	KPI Ref	Measure	Target Year			2018 in year position	Data source / Date
			2018	2019	2030		
Making Future People	FAL 06	Making Future People					
		(a) Number of new companies / start ups (cumulative since 2015)	11	16	111	14	R&I Strategy (p6)
		(b) Number of jobs created through start ups	40	102	1,575	40	2030 Strategy (p5)



Launchpad case studies



Codices Interactive Ltd

Codices' vision is to provide viewers with the next generation live interactive video platform, enabling any level of broadcaster to create truly interactive shows. The team has been behind some of the most successful live interactive shows including HQ Trivia and Big Brother. Live streaming is one of the fastest growing entertainment markets with an expected growth of £3billion this year.

Codices intends to be the platform for live interactive content, offering viewers the live interactive shows they want and broadcasters the tools to produce and monetise. The company's first products are Quiz Kit and Ask It which are the leading products available on Twitch and offer initial monetisation opportunities. Alongside this, Codices is building an enterprise client business to produce bespoke content to allow brands to interact more directly with their customers.



Glas Data Ltd

Glas Data has the vision of unifying the agricultural industry with a common ecosystem to offer an enhanced farm management and decision supporting tool that's easy to use. At its centre, the shared data space offers simplified data entry with clear data visualisation and aggregation from small farm businesses to multi national corporations. Whatever the customer needs, Glas Data's ecosystem offers a highly customisable, dynamic experience allowing collection of any kind of farm data required in the simplest possible way, saving time and money, whilst improving overall efficiency and yields.



Moonshine Studios Ltd

Moonshine Studios is a new independent games company that takes an unconventional market led approach to games development. Their first title, *Get Packed*, a comedic physics based cooperative game for one to four players where the team takes on the role of a removals company tasked with moving and packing a variety of objects for increasingly bizarre clients and locales. A publishing agreement was secured for the title in September 2018 with a publisher followed by an exclusivity deal with Google Stadia. The game is set to release on Google Stadia in Q1 2020, followed by a release on all other platforms later that year.

Launchpad Outreach

In response to Falmouth University's commitment to help grow the Cornish economy, we submitted and were subsequently successful in securing funding towards delivering our Launchpad Outreach project.

The project includes the provision of a flexible programme of innovation support along with access to Master's level content which will enable participating SMEs to develop knowledge and skills that will help develop productivity and profitability.

The programme will focus on businesses in rural and remote parts of Cornwall and the Isles of Scilly, with its core aim being to support them to develop new to firm products, processes or experiences. In this way they will be able to reach new markets and access new sources of income.

The Launchpad Outreach Project is being part funded by the European Regional Development Fund.

It will include access to postgraduate modules, accredited by the Falmouth University School of Entrepreneurship, as well as access to the institution's wider academic and innovation infrastructure to support them as they expand their innovation potential.

Our environment

Estate

We are proud of our two campuses: the stunning grounds that offer opportunities for inspiration and recreation, and the outstanding facilities that provide our students and researchers with access to world-class equipment and spaces.

This year, we have continued to invest in our estate, in order to future-proof our teaching, research and innovation environment. The new Creative Bridge and Launchpad buildings have been opened; designed to facilitate Open Innovation, the working culture that will define Falmouth's journey to 2030.

Together with our campus partners, the University of Exeter, we are investing in shared spaces at the Penryn Campus. The Future Spaces project is the result of extensive consultation with campus users and will transform the heart of the Penryn Campus, creating high quality, flexible learning spaces and vibrant social environments.

This year has been another year of continued improvement in Health and Safety Management by Falmouth University and some significant change in terms of H&S structure and resource. The University, along with its business partner FX Plus has been proactive in putting in place significant new H&S resource to assist in the University's management of Health and Safety. A new Head of Health and Safety and second Health and Safety Advisor have been appointed and a 12-month project role established to deliver a significant volume of systems and process improvement projects. New systems have been also procured, re-organised and developed to assist with risk management, to improve efficiency of processes, and to make information more easily accessible.

Information technology

This year, Falmouth University and FX Plus have embarked on a major programme to adopt Microsoft 365. The vision is to “empower every person to achieve their potential through seamless collaboration and communication, by creating an environment where innovation happens”. This three-year programme of works has a budget of £1.5 million and will support the People and Portfolio sub-strategies in transforming how we work, teach and learn.

Work to transform the Student Record System (SITS) continued in year two of the three-year programme. The project aims to get the best out of the software, utilising its full functionality to support business users, drive adoption, enhance experience and return productivity gains. Student-facing services functionality has been improved, to make them easier to use and more on-brand; supporting better student engagement.

The MyFalmouth student site was launched in September, giving students enhanced access to the tools and resources they need day-to-day as a part of their formal studies. We have also developed a new access security model to ensure we adhere to GDPR compliance and as such have been able to open up functionality to our collaborative providers and wider internal audiences with assurance that they can only see the personal data that they should have access to.

Work continues with a new Individual Learning Plan solution for all students, Extenuating Circumstances and Change of Circumstances reviews that will establish new online, automated processes, improved data quality and vastly improved experience for all students.

The Digital Attendance project completed its first year of delivery to install card readers in every teaching space to be able to monitor attendance online, in line with UKVI, retention and wellbeing challenges. We also commenced

the first year of delivery of Loan & Sale, to provide a new online solution for all departments. This looks to standardise processes across all stores and workshops, providing a joined-up student experience with a view to 2030, so that students can buy and borrow items from all stores, regardless of course.

This year, the Education Technology team relaunched the Student Portal and Falmouth App, providing students with a 'one stop shop' for their University services. The work improved the single sign on experience and the user experience design, to help students get the information they need, when they want it. Enhancements were also made to the Learning Space to bring a standard level of content across all courses within our online environment.

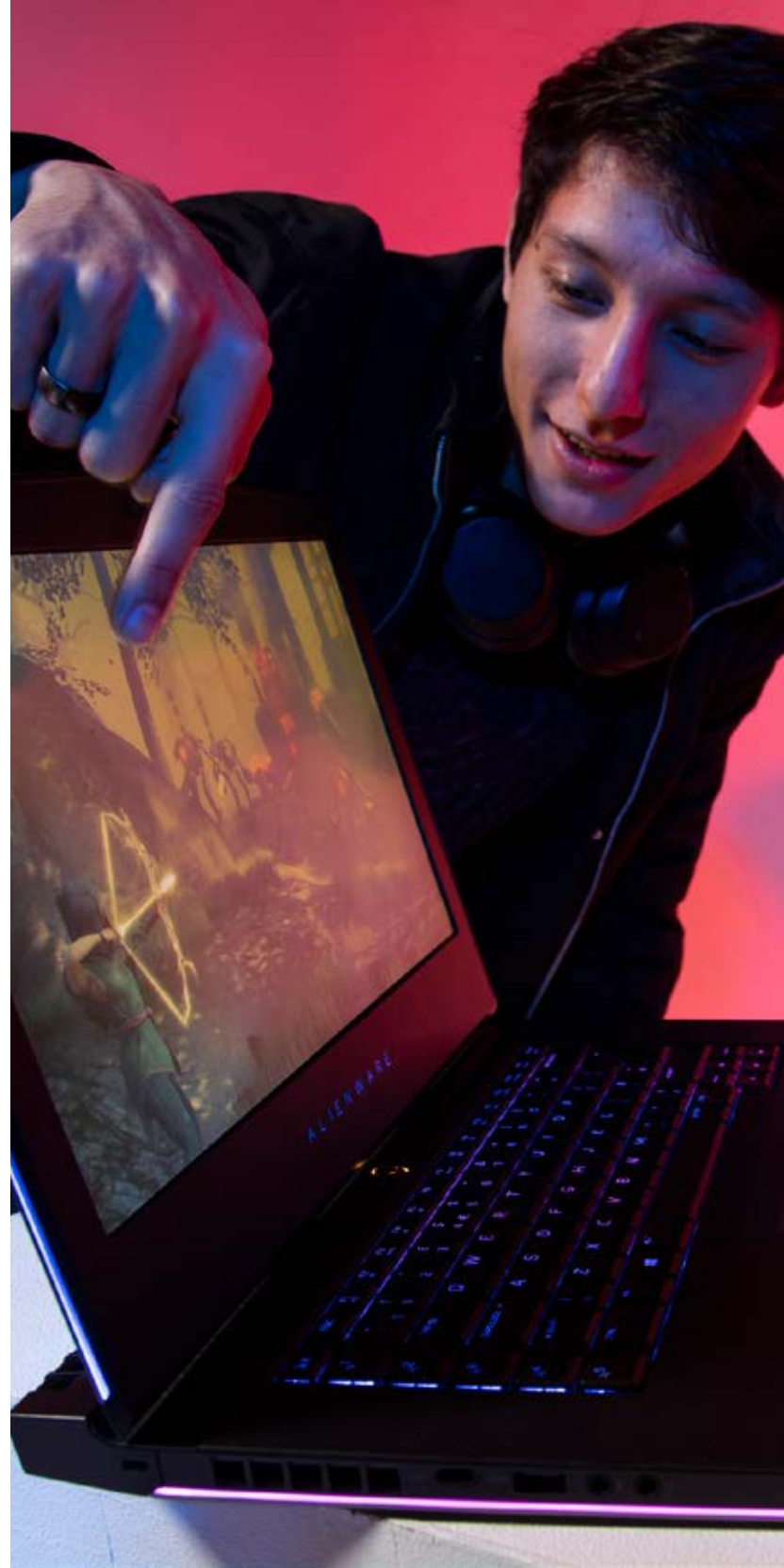
Through the Information Governance team, we have been able to ensure compliance to the GDPR and ensure that processes are embedded throughout the organisation.

This year saw the first year of delivery by FX Plus IT & Digital Directorate of the five-year technical investment plan. The delivery was split into four key areas.

The Technical Refresh included the customary refresh of more than 450 end user devices, 40 room Audio Visual displays, 170 network switches and 500 Wireless access points. Work on Technical Resilience saw the successful design, build and acceptance into service of a new 'High Availability' SQL database environment, allowing for critical line of business systems to be run from a separate location on campus in case of failure.

In the area of Transformation, technical support was provided for the Modern Office program, concluding in detailed low-level design of the core Microsoft 365 platform.

The year also saw a considerable focus on both delivering an improved security position in-year, while planning for significant investment in 2019/20. Outcomes included an internal cyber security audit and service improvement plan to address the recommendations, the majority of which have been completed.



Our planet

In June 2019 Falmouth University joined others in the UK and across the world by declaring a climate and ecological emergency. This was in recognition of the threat that climate change poses to the environment and communities, both locally and globally.

The University's 2030 Strategy commits the institution to a sustainable future. This is underpinned by three sub-strategies representing the pillars of the institution: People; Portfolio; and Research & Innovation. As we develop the implementation of these strategies, climate awareness and environmental responsibility will be embedded in every element of our work, from our campus services to our curriculum design.

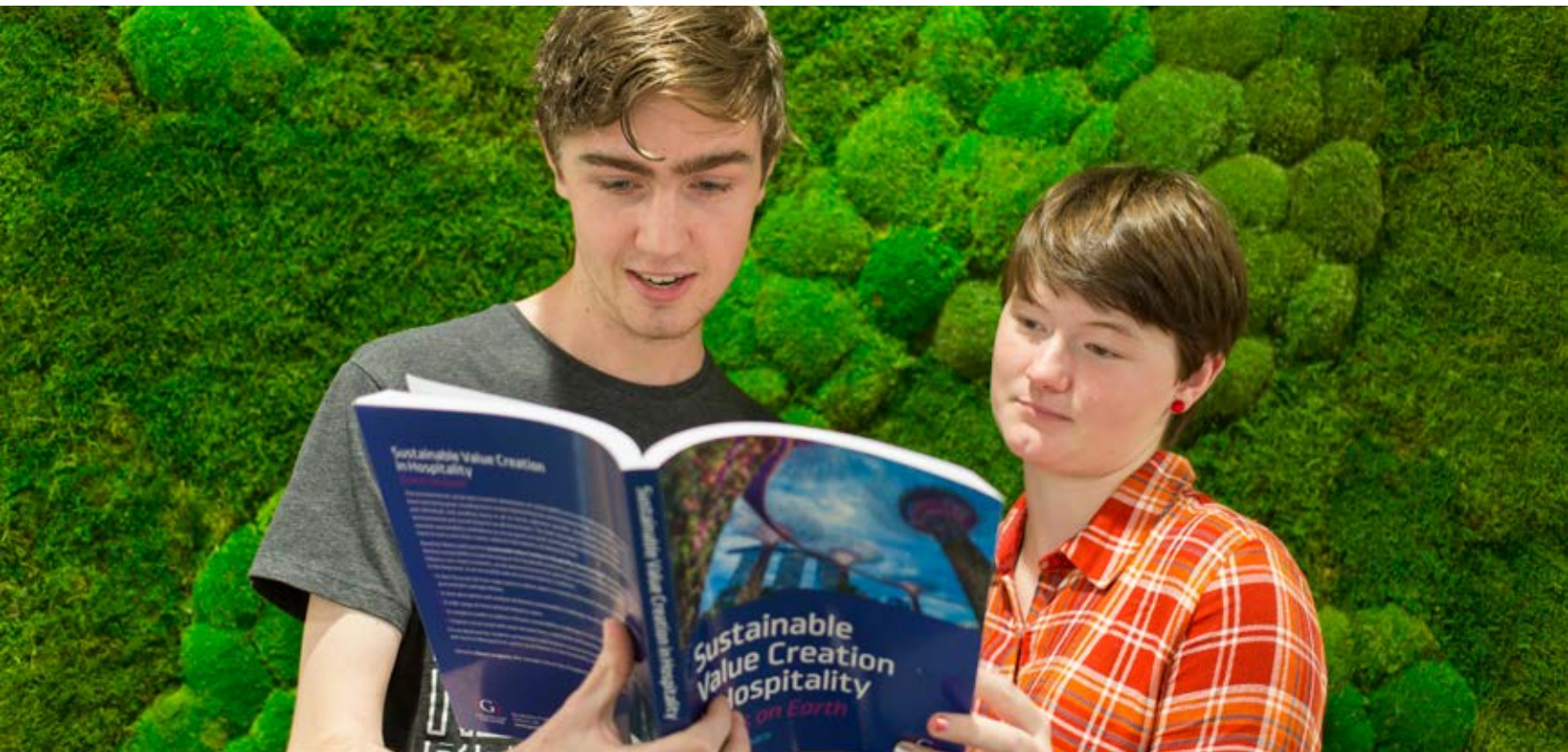
We have established new, ambitious, carbon targets. We are proposing to be net carbon neutral by 2040 for scope 1 & 2 emissions (UK government target for this is 2050) as opposed to the existing target of a 55% reduction by 2030 on a baseline from 2005/6.

We are committed to further broadening our ambitions to include scope 3 emissions, which are currently excluded from our targets.

KPI  **Environmental sustainability: achieve carbon reduction target of 75% by 2030**

Theme	KPI Ref	Measure	Target Year		Actuals
			2018/19	2029/30	2018/19
Being Sustainable	FAL 09	Carbon Footprint: Carbon reduction target - Scope 1 & 2 emissions (against 2005 baseline)	36.9%	75.0%	36.9%

* Subject to approval by the Board on 22 November 2019



Our Community

Falmouth University is proud to act as an anchor institution in Cornwall. We are committed to activity that will support the growth of the Cornish economy; by attracting talent and investment, building knowledge and skills, fostering the growth of new high-value businesses and creating jobs.

In addition, Cornwall has a rich cultural heritage and the University wants to ensure its world-class facilities are used to provide opportunities for public engagement with affordable, accessible, art, literature and performance. This year, AMATA's public programme of events was more ambitious than ever, welcoming acts from all over the world, as well as home grown talent, including Cornish language singer, Gwenno, and Ider, the electronic pop duo who met at Falmouth University.

Public lectures, hosted by academic departments, included inspiring talks from artists Krijn de Koning and David Shrigley, writer Xan Brooks and social thinker Dougal Hine.

We want to support local aspiration and achievement and so, in June, we worked with the BBC to host hundreds of Cornish school children at a premiere showing of the final episode in the final series of Poldark. It was followed by a Q&A with a panel including producers, actors and crew who'd worked on the series. For the school students, it was a chance to learn about the TV-making process and the wealth of opportunities in the film and TV industry.

We also recognise that we are part of a very special local community and want to work with stakeholders to ensure that we are listening and contributing. With the University of Exeter, representatives of Falmouth University attended termly Information Sharing Forums with councillors from Mabe Parish Council, Falmouth Town Council and Penryn Town Council.

The University continued to provide support to the Falmouth BID team, sponsoring the town wifi and hugely successful Falmouth Week.



Our finances

Overview

The results for the year show that the University achieved or exceeded most of its financial key performance indicators, posting a surplus in excess of target. The target is expected to fall in the short term recognising the challenging recruitment environment whilst also investing in 2030.

Group financial highlights

Income

Expenditure

Earnings Before Interest, Taxes,
Depreciation and Amortisation (EBITDA)

Net assets

Net assets excluding pension liability

Cash at bank and in hand

2018/19	2017/18	2016/17	2015/16	2014/15
£(000)	£(000)	£(000)	£(000)	£(000)
64,828	61,548	55,087	49,349	45,770
(61,646)	(55,063)	(49,111)	(46,633)	(45,159)
6,575	10,139	8,827	5,961	4,018
62,521	63,294	53,921	43,306	46,338
79,641	76,091	67,514	59,157	57,069
25,199	20,150	17,147	11,343	9,607



Financial sustainability:
achieve EBITDA target of £10.5m by 2030

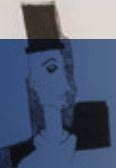


drivers in Anthonisburg



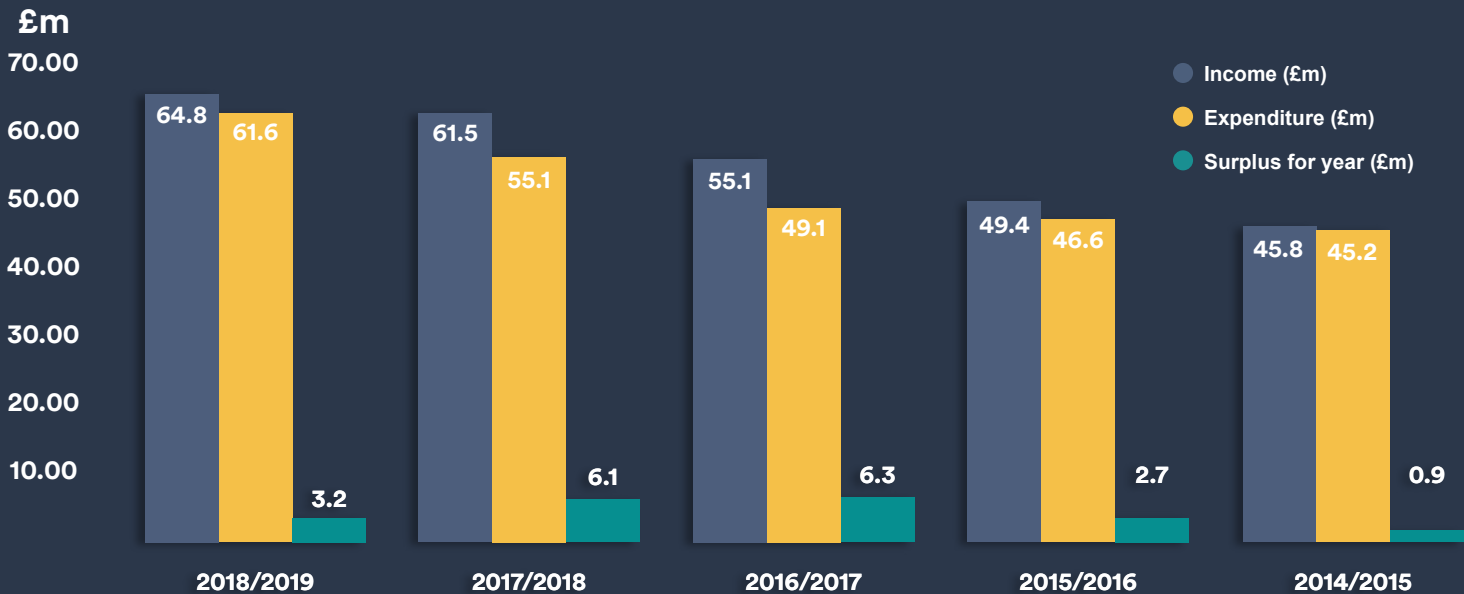
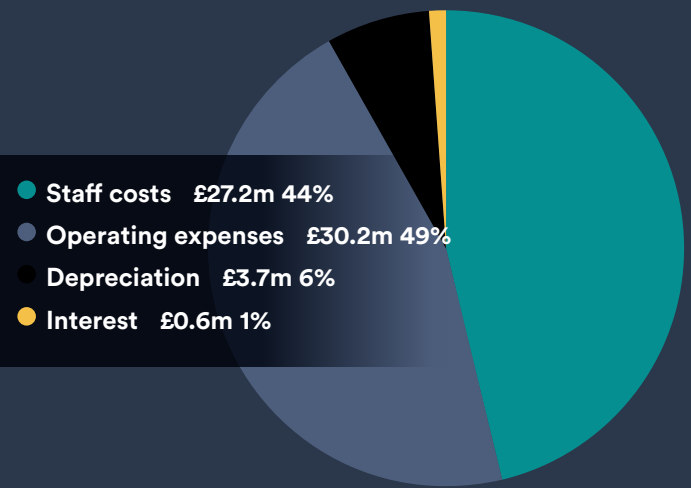
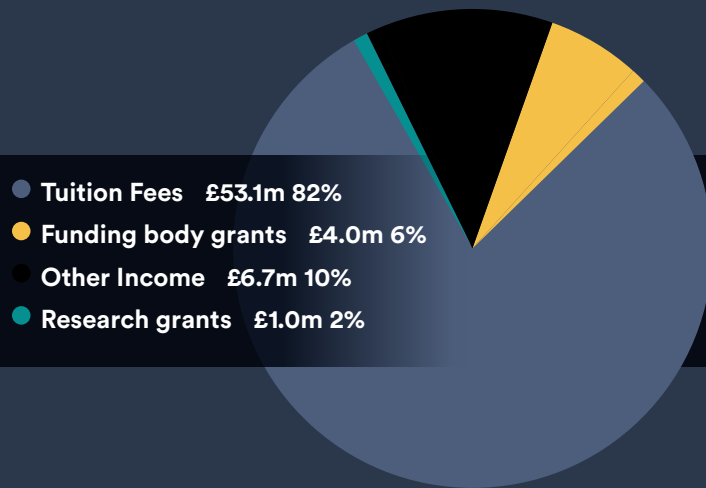
I start with a picture and then finish it. I don't think about art when I'm working. I try to think about life.

Io comincio un quadro e lo sento a fermarsi. Mentre lavoro non penso affatto all'arte. Cerco di pensare alla vita.



During the financial year 2018/19 income rose due to an increase in off-campus student numbers, fees from partnerships and higher grant income, whilst higher costs were incurred on partnership franchise fees, teaching materials and new building costs.

The Group recorded a surplus for the year of £3.1m (2017/18 – £6.1m) which was above the targeted surplus due to higher grant and fee income as well as lower costs on some delayed projects.



Income rose over the year by 5.3% through higher tuition fee receipts, primarily from off-campus courses, and grant funding for the Launchpad project.

Costs rose by 12.0% during the year with staff costs increasing by 3.4% through pay award and pension increases, as well as other costs rising by 20.6% due to partnership franchise costs, general teaching materials and new costs for investment in buildings and equipment.

Tangible fixed asset additions during the year amounted to £5m, including land and buildings improvements of £2.7m, equipment purchases of £2.3m and depreciation of £3.7m. These costs related primarily to the completion and fit-out of the new Launchpad and Creative Bridge buildings on the Penryn Campus.

The University has a number of subsidiary companies:

- Falmouth Enterprises Limited – principal activity is the provision of commercial services to external parties on behalf of the University (including consultancy, project work and commercial research projects)
- Falmouth Ventures Ltd – a holding company for the University's interests in all spin-out activity
- Falmouth Agency Ltd – employer of students, for example, Student Ambassadors, MAYN (photography and video agency) commissions
- Falmouth Staffing Ltd – employer of staff offering an alternative, more flexible, pension scheme from the Local Government Pension Scheme
- Falmouth Launchpad Ventures Ltd – a company to deal with shareholdings in Launchpad spin-out companies for cohorts 1 to 3 and related transactions. Its shares are owned 80% by the University and 20% by Cornwall Council.

In addition, the University owns 50% in Falmouth Exeter Plus, a jointly controlled entity with the University of Exeter which is shown using the equity method of accounting. Any surpluses generated by the subsidiaries are transferred under deed of covenant.

In the current year, the surpluses generated by subsidiaries were £25,000.

Surplus generation (exc. pension)

Actual	Target	Prior year
7.1%	5.2%	10.0%

Teaching income per academic FTE

Actual	Target	Prior year
£212k	£194k	£195k

Cost of space (per sq.m.)

Actual	Target	Prior year
£143	£125	£130

Liquidity (current ratio)

Actual	Target	Prior year
3.46	2.10	2.93

Liquidity (days)

Actual	Target	Prior year
122	117	134

EBITDA

Actual	Target	Prior year
£6.6m	£5.8m	£10.1m

Debt service costs

Actual	Target	Prior year
3.9%	3.4%	3.7%

Total debt: Total funds

Actual	Target	Prior year
49%	58%	49%

I&E Reserves (excl pension): Total Income

Actual	Target	Prior year
102%	96%	100%

Treasury policies and objectives

Treasury management is the management of the University's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The University has a separate treasury management policy in place.

The increase in cash balances over recent years allows the Board to invest in projects that support the 2030 Strategic Plan. These include revising the curriculum, diversification and sustainability initiatives.

Short term borrowing for temporary revenue purposes is authorised by the Director of Finance. All other borrowing requires the authorisation of the Board of Governors.

Cash flows and liquidity

Cash flow from operating activities was strong at £6.3m (2017/18 - £7.7m).

The overall net cash flow was £5.1m (2017/18 - £3.0m), after a further drawdown of £2m from the loan with Royal Bank of Scotland, which meant that cash held at the year-end rose to £25.2m (2017/18 - £20.1m).

In total, 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 £22.6m.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, requires Universities, in the absence of agreement to the contrary, 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 2019, the University paid 88% of its invoices within 30 days. The University incurred no interest charges in respect of late payment for this period.

Trade Union (Facility Time Publication Requirements) Regulations 2017

These regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation to assure value for money.

Number of trade union representatives: 5

Percentage of working hours spent on facility time:

0% of working hours: 1 representatives

1 to 50% of working hours: 4 representatives

51 to 99% of working hours: 0 representatives

100% of working hours: 0 representatives

Percentage of pay spent on facility time: 0.01%

Percentage of total paid facility time hours spent on paid TU activities: 0.00%

Falmouth University

Public benefit statement

Legal status

The University was established as a Higher Education Corporation on 1 April 1989 under the Education Reform Act 1988. The University is an exempt charity for the purposes of Part 3 of the Charities Act 2011, and is regulated by the Office for Students (OfS) for England.

The University was incorporated as Falmouth School of Art and Design. On 10 December 2012, the Privy Council granted consent to change the name to Falmouth University. The members of the governing body, who are trustees of the charity, are disclosed on page 44.

The charitable aims of the University include ‘the advancement of education’, and ‘to carry out research with social impact and to publish the results of the research’.

Public benefit

The principal beneficiaries of the University’s services are our students and the public at large.

In delivering our strategy, the University provides the following identifiable public benefits through the advancement of education:

- High-quality teaching, producing future-proofed, entrepreneurial graduates.
- Improving equality of opportunity for under-represented groups to access, succeed in and progress from Higher Education.
- Long-term benefit to the regional economy through the creation of new companies, headquartered in Cornwall, in high growth sectors, through the Launchpad programme.
- Excellent graduate outcomes.

The University takes seriously its commitment to ensure that it satisfies the Charity Commission’s public benefit test that there be identifiable benefits and that the opportunity to benefit must not be unreasonably restricted. Our Access and Participation Plans, approved by the sector regulator, the Office for Students, enable participation in our academic programmes by students from under-represented groups and those from low income households. In 2018/19 the University provided £893,229 in means-tested scholarships to support 1,855 undergraduate entrants who might otherwise have been unable to afford the costs of going to university.

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

Falmouth University

Corporate governance

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the University to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2018 to 31 July 2019 and up to the date of approval of the annual report and financial statements.

The University conducts its business:

1. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. in full accordance with the guidance to Universities from the Committee of University Chairs (CUC) in:
 - The Higher Education Code of Governance 2018 (“The Code”), formerly adopted on 22 May 2015
 - The Higher Education Senior Staff Remuneration Code 2018 (“The Remuneration Code”), formerly adopted on 13 July 2018; and
3. having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the higher education sector.

The University is committed to exhibiting best practice in all aspects of corporate governance which includes full adoption and compliance with the CUC Codes. We have not formally adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the higher education sector and best practice.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In the opinion of the Governors, the University

complies with/exceeds all the provisions of The Code. The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission’s guidance on public benefit and that the required statements appear elsewhere in these financial statements.

It is the Board’s responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The primary responsibilities of the Board of Governors are set out in the Statement of Primary Responsibilities, which are consistent with the responsibilities outlined for the Board of Governors, Academic Board, and Vice-Chancellor & Chief Executive in the Articles and Instrument of Government. Both of these documents are published in full on the University’s Governance web page (www.falmouth.ac.uk/governance).

The Board is provided with regular and timely information on the overall financial performance of the University together with other information such as performance against targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Board meets six times a year.

The Board conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board. These committees are Audit, Nominations, Remuneration and Ventures. Full minutes of all meetings, except those deemed to be confidential by the Board, are available from the Secretary to the Board of Governors.

The Clerk to the Board maintains a register of financial and personal interests of the governing body, which is updated annually and provided to the Board of Governors. Further to the annual update of the register, governing body members are required to declare any new interests, or interests related to the agenda at the start of the meeting.

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

Formal agendas, papers and reports are supplied to governors in a timely manner (five working days), prior to Board meetings. Briefings are provided in-between meetings as appropriate.

The Board has a strong and independent non-executive majority and no individual or group dominates its decision-making process. The Board considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair and Vice-Chancellor & Chief Executive (Accountable Officer) are separate.

Appointments to the Board

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

Membership of the Board of Governors serving during 2018-19

	Date of appointment	Term of office	Expiry of term	Status of appointment	Committees served	Attendance
Chris Pomfret OBE	1 Sep 2015	Second term	31 Aug 2023	Chair of the Board of Governors (Independent Member)	Nominations Committee (Chair), Remuneration Committee, Ventures Committee (Chair)	100%
Charles Wace	1 Sep 2015	Second term	31 Aug 2023	Deputy Chair of the Board of Governors (Independent Member)	Remuneration Committee (Chair), Ventures Committee	89%
Andrew Allen	1 Jul 2014	Second term	31 Jul 2019	Independent Member of the Board of Governors	Audit Committee (Chair until June 2019)	89%
Mark Carne CBE	1 Aug 2013	Second term	31 Jul 2021	Independent Member of the Board of Governors	Remuneration Committee	86%
Alison Cressey	1 Sep 2015	Second term	31 Aug 2023	Independent Member of the Board of Governors	Audit Committee, Nominations Committee	100%
Tim Jones	1 Nov 2016	First term	31 Sept 2020	Independent Member of the Board of Governors	Audit Committee	100%
Duncan Leslie	1 May 2019	First term	30 Apr 2023	Independent Member of the Board of Governors	Audit Committee (Chair from July 2019)	100%
Bertrand Louveaux	1 Aug 2013	Second term	31 Jul 2021	Independent Member of the Board of Governors	Nominations Committee	86%
John Mathers	1 Sep 2015	Second term	31 Aug 2023	Independent Member of the Board of Governors	Audit Committee	100%
Helen Owers	1 July 2019	First term	31 Aug 2023	Independent Member of the Board of Governors		100%



Independent Governor Skills Matrix

Governor	Accountancy	Audit	Banking	Business & Commerce	Corporate Giving	Cornish Economy	Creative Industries	Estates Management	EU Investment Programmes	Financial Management	Further Education	Higher Education	Human Resource Management	Internationalisation	Investment	Law	Local Politics	Marketing & Brand Management	Manufacturing Sector	Public Sector	Quality Management	Research / Research Management	Strategic Planning and Review	Westminster Politics	
Chris Pomfret	•	•		•		•			•	•				•			•	•	•		•		•	•	
Charles Wace		•		•			•	•		•					•			•							
Andrew Allen	•	•		•		•				•						•									
Mark Carne CBE				•				•		•			•	•	•				•		•		•	•	
Alison Cressey				•			•				•	•			•			•	•	•					
Tim Jones		•	•	•	•	•		•	•					•	•		•		•	•			•	•	
Duncan Leslie	•	•		•						•	•	•													
Bertrand Louveaux		•		•												•									
John Mathers		•					•					•	•					•	•					•	
Helen Owers				•		•	•						•	•	•			•					•		

Remuneration Committee

Falmouth University has formally adopted the Higher Education Senior Staff Remuneration Code as set out by the CUC and adheres to the three key elements of a fair, appropriate and justifiable level of remuneration; procedural fairness, and transparency and accountability. The underpinning principles supporting each of these elements are therefore followed during any remuneration discussion and this report seeks to ensure the University is transparent in its decision making in this regard.

The Remuneration committee is comprised of:

- Charles Wace, Deputy Chair of the Board of Governors, Independent Governor [Chair of the Remuneration Committee]
- Chris Pomfret, Chair of the Board of Governors
- Mark Carne, Independent Governor

Membership of the Remuneration Committee is approved by the full Board of Governors as are the Terms of Reference for the committee. Also in attendance for specific items only are:

- Professor Anne Carlisle, Vice-Chancellor
- Daniel Jones, Director of Human Resources
- Dr Robin Kirby, Strategic Advisor to the Vice-Chancellor, and Secretary to the Board of Governors

Whilst members of the Executive Group are present for some items of the agenda none are present for any item of discussion that may influence their own remuneration. The requirement for individuals to leave the meeting is clearly detailed on the agenda so that the Chair is able to manage this accordingly.

Remuneration Committee processes are set out in the Terms of Reference and the Senior Management Team Performance Related Pay Scheme.

The Remuneration Committee is reporting on the remuneration decisions of the Vice-Chancellor and other senior post holders as set out in the terms of reference of the Remuneration Committee. Designated postholders for this purpose are:

- Chief Operating Officer
- Deputy Vice-Chancellor (Academic)
- Strategic Advisor to the Vice-Chancellor, & Secretary to the Board of Governors

In addition to the Board Remuneration Committee an Executive Remuneration Committee is also held to consider the pay and reward of other senior managers within the institution. The Executive Remuneration Committee is chaired by the Vice-Chancellor and follows the process as outlined in the Senior Management Team Performance Related Pay Scheme.

Remuneration Committee processes are set out in the Terms of Reference and the Senior Management Team Performance Related Pay Scheme, and reported in the Annual Senior Staff Remuneration Report. All three documents are published on the website: www.falmouth.ac.uk/corporate/regulatory-information.

As outlined in the SMT Performance Related Pay Scheme the University operates both a Remuneration Committee as a committee of the Board of Governors as well as an Executive Remuneration Committee as a committee of the Vice-Chancellor & Chief Executives Executive Group. This dual approach allows the University to expand the provision of performance related pay to a broader range of senior managers who are able to influence progress towards our 2030 strategic ambitions whilst also ensuring that a robust process is in place to ensure decisions are evidence based and equitable across the entire staff group.

The Annual Senior Staff Remuneration Report, compiled by the Remuneration Committee and provided to the Board of Governors for endorsement prior to publication, reports on the remuneration and benefits decisions for the Vice-Chancellor & Chief Executive and designated senior post holders. Designated post holders

for 2018-19 were the Vice-Chancellor & Chief Executive, Senior Deputy Vice-Chancellor, Chief Operating Officer, Deputy Vice-Chancellor (Academic), and Strategic Advisor to the Vice-Chancellor, & Secretary to the Board of Governors.

The Annual Senior Staff Remuneration Report forms the basis of our annual statement on remuneration as set out in note 7 to the financial statements.

The University formally adopted the Higher Education Senior Staff Remuneration Code (June 2018), on 13 July 2018. The Board of Governors has agreed that Remuneration Committee practice have been appropriately fair, transparent and independent both prior to and post adoption of the Remuneration Code.

Ventures Committee

The Ventures Committee was established on 1 February 2018 to oversee the development of the University's ventures activity against the income targets set out in the 2030 Strategy, and to support the acceleration of the exploitation of opportunities for the University which have significant social and economic impact. The Committee operates in accordance with a written terms of reference approved by the Board.

Audit Committee

The Audit Committee comprises four members of the Board (excluding the Vice-Chancellor & Chief Executive). The Committee operates in accordance with a written terms of reference approved by the Board.

The Audit Committee meets on a termly basis and provides a forum for reporting by the University's internal and external auditors, who have access to the Committee for independent discussion, without the presence of University management.

The University's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Board on the appointment of internal and external auditors and their remuneration for audit and non-audit work as well as reporting annually to the Board.

Internal control

Scope of responsibility

The Board is ultimately responsible for the University's system of internal control and for reviewing its effectiveness.

The Board has delegated the day-to-day responsibility to the Vice-Chancellor & Chief Executive, as Accountable Officer, for maintaining a sound system of internal control that supports the achievement of the University's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the terms and conditions of funding for higher education institutions between Falmouth University and Office for Students (OfS). She is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control. No significant internal control weaknesses or failures had been identified during the financial year or prior to the signing of the financial statements.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, 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 and prioritise the risks to the achievement of University policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Falmouth University for the year ended 31 July 2019 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Board has regularly reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the University's significant risks that has been in place for the period ending 31 July 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

Falmouth University uses an internal audit service, which operates in accordance with the requirements of the Office for Students' (OfS) Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the University is exposed, and annual internal audit plans are based on this analysis.

The analysis of risks and the internal audit plans are endorsed by the Board on the recommendation of the Audit Committee. At least annually the internal auditors provide the governing body with a report on internal audit activity in the University. The report includes an independent opinion on the adequacy and effectiveness of the University's system of risk management, controls and governance processes. As Accountable Officer, the Vice-Chancellor & Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of the system of internal control is informed by:

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

The Vice-Chancellor & Chief Executive has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place. The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

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

Going concern

After making appropriate enquiries, the Board considers that the University has adequate resources to continue in operational existence for the foreseeable future as shown in the latest Business Plan to 2023/24. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Board on 22 November 2019 and signed on its behalf by:

The image shows two handwritten signatures in black ink. The signature on the left is 'Chris Pomfret' and the signature on the right is 'Anne Carlisle'. A horizontal line connects the two signatures, indicating they are part of the same approval.

**Chris Pomfret OBE
Chair of Governors**

**Professor Anne Carlisle OBE
Vice-Chancellor & Chief
Executive**

Responsibilities of the Board of Governors in respect of the financial statements

The Board of Governors are responsible for preparing the financial statements in accordance with the requirements of the terms and conditions of funding for higher education institutions from the Office for Students (OfS) and applicable law and regulations.

They are required to prepare 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. Terms and conditions of funding for higher education institutions further requires the financial statements to be prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of OfS's Accounts Direction to higher education institutions.

The accounts have been prepared in line with the requirements of the Accounts Direction dated 19 June 2018 issued by the Office for Students with early adoption of paragraph 12d of the Accounts Direction dated 25 October 2019.

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 parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the group and parent University financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent 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 they either intend 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 and enable them to ensure that its financial statements comply with relevant legislation and other relevant accounting standards. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Board of Governors are also responsible under the terms and conditions of funding for higher education institutions for:

- ensuring that funds from OfS and other funding bodies are used only for the purposes for which they have been given and in accordance with the terms and conditions of funding for higher education institutions and any other conditions which OfS may from time to time prescribe;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- 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.

Signed:



22 November 2019

**Dr Robin Kirby
Strategic Advisor to the Vice-Chancellor
& Secretary to the Board of Governors**



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

Opinion

We have audited the financial statements of Falmouth University (“the University”) for the year ended 31 July 2019 which comprise the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, Balance Sheets, the Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2019, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of the Accounts Direction dated 19 June 2018 issued by the Office for Students and paragraph 12d of the Accounts Direction dated 25 October 2019.

Basis for opinion

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

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

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

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

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board of Governors' conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Board of Governors responsibilities

As explained more fully in their statement set out on pages 44-45, the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at:

www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters under the Office for Students and Research England Audit Codes 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 Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation; and
- income has been applied in accordance with the University's Statutes (or articles of government for post 1992 institutions) and;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them.

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

This report is made solely to the Board of Governors, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988 (for post-1992 institutions). Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors for our audit work, for this report, or for the opinions we have formed.

Signed:



2 December 2019

Victoria Sewell

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Plym House, 3 Longbridge Road, Plymouth, PL6 8LT



Falmouth University Consolidated and University Statement of comprehensive income for the year ended 31 July 2019

	Note	Year to	Year to	Year to	Year to
		31/7/19	31/7/19	31/7/18	31/7/18
		Group	University	Group	University
		£ (000)	£ (000)	£ (000)	£ (000)
Income					
Funding body grants	2	3,967	3,967	4,187	4,187
Tuition fees and education contracts	3	53,143	53,143	51,655	51,655
Research grants and contracts	4	1,026	1,026	918	918
Other income	5	6,504	6,483	4,680	4,673
Investment income	6	188	188	108	108
Total income		64,828	64,807	61,548	61,541
Expenditure					
Staff costs	7	27,182	27,193	26,292	26,292
Other operating expenses	8	30,172	30,136	25,009	24,998
Depreciation	11	3,651	3,651	3,177	3,177
Interest and other finance costs	9	641	641	585	585
		61,646	61,621	55,063	55,052
Surplus before other gains and share of jointly controlled entity		3,182	3,186	6,485	6,489
Loss on disposal of assets		(60)	(60)	(18)	(18)
Share of operating (deficit)/surplus in jointly controlled entity	12	(66)	-	(341)	-
Surplus before tax and surplus for year		3,056	3,126	6,126	6,471
Actuarial (loss)/gain in respect of pension schemes	21	(3,839)	(2,805)	3,247	2,388
Total comprehensive income for the year		(783)	321	9,373	8,859

All income relates to continuing operations.

The notes on pages 60 to 87 form an integral part of the financial statements.

Falmouth University Consolidated and University Statement of changes in reserves for the year ended 31 July 2019

Group	Income & Expenditure Account		Revaluation reserve	Total
	Restricted	Unrestricted		
	£ (000)	£ (000)	£ (000)	£ (000)
Balance at 1 August 2017	27	39,662	14,232	53,921
Surplus from the income and expenditure statement	-	6,126	-	6,126
Other comprehensive income	-	3,247	-	3,247
Transfers between revaluation and income and expenditure reserve	-	260	(260)	-
Balance at 1 August 2018	27	49,295	13,972	63,294
Surplus from the income and expenditure statement	-	3,056	-	3,056
Other comprehensive income	-	(3,839)	-	(3,839)
Transfers between revaluation and income and expenditure reserve	-	260	(260)	-
Balance at 31 July 2019	27	48,772	13,712	62,511

University	Income & Expenditure Account		Revaluation reserve	Total
	Restricted	Unrestricted		
	£ (000)	£ (000)	£ (000)	£ (000)
Balance at 1 August 2017	27	40,963	-	40,990
Surplus from the income and expenditure statement	-	6,471	-	6,471
Other comprehensive income	-	2,388	-	2,388
Balance at 1 August 2018	27	49,822	-	49,849
Surplus from the income and expenditure statement	-	3,126	-	3,126
Other comprehensive income	-	(2,805)	-	(2,805)
Balance at 31 July 2019	27	50,143	-	50,170

The notes on pages 60 to 87 form an integral part of the financial statements.

Falmouth University Balance sheets as at 31 July 2019

	Note	Group 2019 £ (000)	University 2019 £ (000)	Group 2018 £ (000)	University 2018 £ (000)
Fixed Assets					
Tangible assets	11	111,756	111,727	110,538	110,510
Investment in subsidiary undertakings	12	-	4	-	3
Investment in associates	12	28	28	28	28
Interest in jointly controlled entity	12	12,323	-	13,421	-
		124,107	111,759	123,987	110,541
Current Assets					
Stock		-	-	55	55
Trade and other receivables	13	3,790	3,885	3,610	3,603
Cash at bank and in hand		25,199	25,025	20,150	20,143
		28,989	28,910	23,815	23,801
Less: Creditors – amounts falling due within one year	14	(8,387)	(8,311)	(8,118)	(8,103)
Net current assets		20,602	20,599	15,697	15,698
Total assets less current liabilities		144,709	132,358	139,684	126,239
Less: Creditors - amounts falling due after more than one year	15	(64,425)	(64,425)	(62,937)	(62,937)
Provisions					
Pension provision		(17,120)	(17,120)	(12,797)	(12,797)
Other provisions	16	(643)	(643)	(656)	(656)
Net assets		62,521	50,170	63,294	49,849
Restricted reserves					
Income and expenditure-Endowments	17	27	27	27	27
Unrestricted reserves					
Income and expenditure account		48,772	50,143	49,295	49,822
Revaluation reserve	18	13,712	-	13,972	-
Minority interest		10	-	-	-
Total reserves		62,521	50,170	63,294	49,849

The notes on pages 60 to 87 form an integral part of the financial statements.

The financial statements on pages 56 to 87 were approved by the Board of Governors on 22 November 2019 and signed on its behalf by:



Chris Pomfret OBE
Chair of Governors

Professor Anne Carlisle OBE
Vice-Chancellor & Chief Executive

Falmouth University Consolidated cash flow statement for the year ended 31 July 2019

	Year to 31/7/19		Year to 31/7/18	
	£ (000)	£ (000)	£ (000)	£ (000)
Cash flow from operating activities				
Surplus for the year		3,056		6,126
Adjustment for non-cash items				
Depreciation		3,651		3,177
Deferred capital grants released		(1,789)		(1,569)
Decrease in stock		55		27
Increase in debtors		(1,123)		(1,541)
Increase/(decrease) in creditors		761		(578)
Increase in pension provision		1,144		1,209
Decrease in other provisions		(13)		(23)
Share of operating deficit in jointly controlled entity		66		341
Loss on disposal of assets		60		18
Minority interest		10		-
Adjustment for investing or financing items				
Investment income		(188)		(108)
Interest payable		641		585
Net cash inflow from operating activities		6,331		7,664
Cash flow from investing activities				
Deferred capital grants received	1,922		2,755	
Investment income	181		108	
Investments	(2)		(11)	
Payments made to acquire fixed assets	(4,830)		(9,030)	
		(2,729)		(6,178)
Cash flows from financing activities				
Interest paid	(260)		(209)	
New bank loan received	2,000		2,000	
Loan repayments in year	(251)		(291)	
		1,489		1,500
Increase in cash and cash equivalents in the year		5,091		2,986
Cash and cash equivalents at the beginning of the year		20,099		17,113
Cash and cash equivalents at the end of the year		25,190		20,099

The notes on pages 60 to 87 form an integral part of the financial statements.

Notes to the consolidated financial statements for the year ended 31 July 2019

1 - Principal accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standard (FRS) 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention. The financial statements have been prepared in line with the requirements of the Accounts Direction dated 19 June 2018 issued by the OfS with early adoption of paragraph 12d of the Accounts Direction dated 29 October 2019.

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.

Basis of consolidation

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

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

The University's policy is to consolidate the Students' Union only if its operations are material and if the University, at such time, is exercising significant influence on Union policy. Should the operation expand

and become material it is likely that it would be more autonomous and independent of the University. The University does not currently consolidate the Students' Union on the basis that it does not exercise control.

Accounting estimates and judgements

Key sources of estimation uncertainty

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

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives of the assets so these are re-assessed annually and amended when necessary to reflect current estimates. See note 11 for the carrying amount of the property, plant and equipment, and note 1 for the useful economic lives for each class of assets.

Impairment of debtors

The University makes an estimate for the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors and associated impairment provision.

Pensions

FRS102 requires that certain assumptions are made in order to determine the amount to be recorded for retirement benefit obligations and pension plan assets, in particular for defined benefit plans. These are mainly

actuarial assumptions such as expected inflation rates, employee turnover, expected return on plan assets and discount rates. Substantial changes in the assumed development of any one of these variables may significantly change the University's retirement benefit obligation and pension assets.

Provisions

The University calculates provisions for enhanced pension payments using the 10 year gilt yield index. The provision for relocation costs assume 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.

Going concern

The University and Group have made surpluses for both the current and the prior years, and have net assets.

The University considers that it has sufficient financial resources and is confident that its future income streams will maintain these resources. The Board believes that the University is well placed to effectively manage its business risks, despite the current uncertain economic situation.

The Board has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future as shown in the latest Business Plan to 2023/24.

Thus they continue to adopt the going concern basis in preparing the financial statements.

Recognition of income

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income over the period in which

students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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

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

Grant funding

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

Donations and endowments

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

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

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

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

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

Capital grants

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

Pension schemes

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

TPS and USS are multi-employer schemes for which it is not possible to identify the assets and liabilities to the University's members due to the mutual nature of the schemes and therefore these schemes are accounted for as defined contribution retirement benefit schemes. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

Defined Contribution Plan

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

Defined Benefit Plan

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

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 ongoing maintenance of the estate. Expenditure on long term maintenance which does not either enhance an asset beyond its original condition or increase its expected economic life; and expenditure on all routine corrective maintenance, is charged to the income statement as incurred.

Finance leases

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

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

Operating leases

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

Foreign Currencies

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

Tangible fixed assets

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on the date of transition to the 2015 FE HE SORP were measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. The revaluation reserve was transferred to the income and expenditure reserve during the previous year as assets are no longer being revalued.

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 2019. 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.

Accounting for goodwill and intangible fixed assets

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

Investments

Non-current investments are included in the balance sheet at amortised cost less impairment. Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the University's accounts.

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

Stock

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

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

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

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

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

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

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

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

The University accounts for its share of jointly controlled entities using the equity method.

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

Taxation

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

The University receives no similar exemption in respect of Value Added Tax and falls under the partial exemption regime so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

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.

2 Funding body grants

	Group 31/7/19 £ (000)	University 31/7/19 £ (000)	University 31/7/18 £ (000)	University 31/7/18 £ (000)
HEFCE/OfS recurrent grant	3,156	3,156	3,298	3,298
HEFCE/OfS specific grants				
<i>Catalyst/Strategic Development Funds</i>	-	-	43	43
HEFCE/OfS deferred capital grants released in year				
- Buildings	321	321	500	500
- Equipment	490	490	254	254
EFA/SFA recurrent grant	-	-	92	92
	3,967	3,967	4,187	4,187

3 Tuition fees and education contracts

	Group 31/7/19 £ (000)	University 31/7/19 £ (000)	Group 31/7/18 £ (000)	University 31/7/18 £ (000)
Full-time students	49,387	49,387	47,346	47,346
Full-time students charged overseas fees	3,492	3,492	3,961	3,961
Part-time students	161	161	265	265
Research fees	103	103	83	83
FE fees and other charges	-	-	-	-
	53,143	53,143	51,655	51,655

4 Research grants and contracts

	Group 31/7/19	University 31/7/19	Group 31/7/18	University 31/7/18
	£ (000)	£ (000)	£ (000)	£ (000)
Other contracts	1,026	1,026	918	918
	1,026	1,026	918	918

5 Other income

	Group 31/7/19	University 31/7/19	Group 31/7/18	University 31/7/18
	£ (000)	£ (000)	£ (000)	£ (000)
Other income generating activities	182	132	331	302
Residences and catering operations	945	945	737	737
Other income (including European grants)	4,077	4,106	2,476	2,498
Recharges for the provision of combined services	322	322	321	321
Deferred capital grants	978	978	815	815
	6,504	6,483	4,680	4,673

6 Investment income

	Group 31/7/19	University 31/7/19	Group 31/7/18	University 31/7/18
	£ (000)	£ (000)	£ (000)	£ (000)
Bank deposit interest	188	188	108	108
	188	188	108	108

7 Staff costs

	Group 31/7/19	University 31/7/19	Group 31/7/18	University 31/7/18
	£ (000)	£ (000)	£ (000)	£ (000)
Wages and salaries	20,581	20,592	19,946	19,946
Social security costs	2,056	2,056	1,980	1,980
Other pension costs	4,545	4,545	4,366	4,366
	27,182	27,193	26,292	26,292

Note: included in staff costs is a payment for loss of office of £9,309 for one member of staff.

Approach to remuneration

a) The competitive environment

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

The University's ambitious 2030 Strategy commits the institution to major growth in student numbers over the next decade through diversification of academic programmes, and to a major rebalancing of income sources through innovation, research and commercial ventures. The full strategy can be viewed here:

<https://www.falmouth.ac.uk/corporate/strategicplan>

b) Remuneration Policy

The policy for the Senior Management Team Performance Related Pay Scheme sets out the principles and process to be followed in determining variable pay across the institution:

<https://www.falmouth.ac.uk/corporate/regulatory-information>

Variable pay is determined following an assessment of both the financial performance of the institution and also an assessment of performance against personal objectives as set out in the annual performance appraisal process.

Variable pay is designed to incentivise and reward senior managers in the delivery of the overall budgeted institutional financial surplus and 2030 Strategy, and complements the University's other arrangements for recognising and rewarding staff in the approved Incentivisation & Reward Strategy.

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.

The Remuneration Committee decided to follow the nationally agreed New JNCHES outcome and therefore awarded a 1.8% cost of living increases to base pay for Designated Post Holders for 2019-20.

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 £24m-£70m)
- Post-1992 institutions (income £24m-£70m)
- Rest of England (up to £70m 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 gives consideration to any changes or developments to the role during the period that may justify an amendment to remuneration.

To assist in their deliberations the committee are presented with benchmarking data for base salary of comparator roles.

Institutional performance

c) Performance pay

As set out in the Remuneration Policy, performance pay is based on two components: (i) institutional performance based on achievement of the target annual surplus; and (ii) individuals' achievement of their personal objectives in relation to the Strategic Plan (2030 Strategy). For (ii) individuals work to annually agreed, measurable objectives agreed with their line manager, and the Remuneration Committee considers written reports on achievement of, or progress against, their objectives, with relevant supporting commentary and data. Staff are not grouped into categories of performance but are considered on an individual basis.

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

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

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

- Information detailing the institution-wide performance metrics

- An assessment of each individual's performance against agreed objectives

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

For the 2018-19, the Board of Governors approved a suite of metrics to underpin the Remuneration Committee's decisions on the institutional performance component of performance related pay, with a maximum total of 5% of base pay for this component. These metrics and their outcomes for 2018/19 are listed within the Annual Senior Staff Remuneration Report as published on the website:

<https://www.falmouth.ac.uk/corporate/regulatory-information>

e) Total funds distributed for performance pay

The total value of all payments awarded by the Remuneration Committee for the 2018-19 period is £118,680, of which the Executive Remuneration Committee oversaw £62,718.

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

The total funds were paid across 17 people, including the Vice-Chancellor. Payment amounts were determined by either the Remuneration Committee of the Board of Governors or the Executive Remuneration Committee in accordance with the requirements as set out in the Senior Management Team Performance Related Pay Scheme as referenced in section 2(ii). Payment values were in the following bands:

Value of performance pay	Number of recipients 2018/2019	Number of recipients 2017/2018
Less than £5,000	6	6
£5,000 – £9,999	9	7
£10,000 - £14,999	1	3
£15,000 – 19,999	0	0
£20,000 +	1	1

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

In assessing the Vice-Chancellor & Chief Executive's performance for 2018-19, the Remuneration Committee considered the following:

- Key metrics listed in 3(ii) above; and
- Each of the Vice-Chancellor's five personal objectives agreed with the Chair of the Board for 2018/19 were completed, and the metrics for each objective were met or exceeded.

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

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

Remuneration for the Vice Chancellor & Chief Executive	2018 19	2017-18
Salary	£224,645	£224,645
Performance Related Pay	£25,273	£22,465
Benefits	£3,302	£3,382
Subtotal	£253,220	£250,492
Pension / payment in lieu of pension costs	£32,529	£32,529
Total	£285,749	£283,021

i) Pay multiples

The Remuneration Committee also note the requirement to consider and publish the pay multiple of the Vice-Chancellor 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. Both are published below.

Using the CUC-directed calculation, the pay multiple of the Vice-chancellor and the median earnings of the institutions whole workforce is 7.11. This compares to a pay multiple of 7.91 in 2015/16, 7.85 in 2016/17 and 7.39

in 2017/18, and therefore continues a downward trend in the pay multiple which is reflective of our approach to pay restraint for the Vice-Chancellor and other members of the senior team.

Under the OfS basis, the median pay multiple based on total remuneration is 7.13; and based on basic salary is 6.4.

External Appointments and Expenses

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

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

- Up until 25 April 2019 the Vice-Chancellor was Director of Stormtide, one of our Launchpad companies
- Up until 25 March 2019 the Vice-Chancellor was Director of Falmouth Launchpad Ventures Ltd
- Current Directorships of:
 - Falmouth Staffing Ltd
 - Falmouth Agency Ltd
 - Falmouth Enterprises Ltd
 - Falmouth Ventures Ltd
 - CIRCA Publications

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

- Pydar Street Strategic Advisory Panel
- Cornwall & Isles of Scilly Place Board
- Cornwall & Isles of Scilly Executive Group
- Cornwall & Isles of Scilly LEP Creative Industries Taskforce
- Universities UK

- Universities UK All-Party Parliamentary Group
- Universities UK Innovation & Growth Policy Network

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

Endnote:

The following key documents referred to in this statement can be viewed on the website:

<https://www.falmouth.ac.uk/corporate/charity>

- Remuneration Committee Terms of Reference
- Senior Management Team Performance Related Pay Scheme
- Remuneration Policy
- Expenses Policy

Basic salary of higher paid staff excluding Vice Chancellor & Chief Executive (excluding employer's pension contributions):				
	Group	University	Group	University
	31/7/19	31/7/19	31/7/18	31/7/18
	Number	Number	Number	Number
£100,000 - £104,999 pa	1	1	1	1
£105,000 - £109,999 pa	1	1	1	1
£115,000 - £119,999 pa	1	1	1	1
£125,000 - £129,999 pa	1	1	1	1
Average staff numbers (FTEs) by major category:				
	Number	Number	Number	Number
Academic departments	296	296	272	272
Research & innovation	10	10	22	22
Academic support services	41	41	32	32
Administration	114	114	111	111
Premises	-	-	6	6
	461	461	443	443

Key management personnel

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

This consists of 10 roles:

Vice-Chancellor & Chief Executive (Chair)

Chief Marketing Officer (from 7 May 2019)

Chief Operating Officer

Deputy Vice-Chancellor (Academic)

Director of Human Resources

Director of Communications (to 26 October 2018)

Director of Finance

Director of Innovation and Research Funding

Senior Deputy Vice-Chancellor (to 19 July 2019)

Strategic Advisor to the Vice-Chancellor & Secretary to the Board of Governors

Staff costs includes compensation paid to key management personnel.

	Group	University	Group	University
	31/7/19	31/7/19	31/7/18	31/7/18
	£ (000)	£ (000)	£ (000)	£ (000)
Key management personnel remuneration	1,097	1,097	1,051	1,051

Governors acting as Trustees

No governor has received any remuneration or waived payments from the group during the year (2018: none).

The total expenses paid to or on behalf of nine governors was £5,710 (2017/18: £3,780 paid to seven governors). This represents travel and subsistence expenses incurred in attending Board, committee meetings and charity events in their official capacity.

8 Other operating expenses

	Group	University	Group	University
	31/7/19	31/7/19	31/7/18	31/7/18
	£ (000)	£ (000)	£ (000)	£ (000)
Teaching materials and expenses	3,969	3,969	3,367	3,367
Partnership teaching costs	5,461	5,461	2,965	2,965
Library and learning resource costs	1,767	1,767	1,697	1,697
IT support costs	2,016	2,016	2,005	2,005
Student support costs	1,697	1,697	1,672	1,672
Recruitment and restructuring costs	232	232	232	232
Research costs	604	604	486	486
Auditors remuneration - external audit fees	54	49	39	38
Auditors remuneration - internal audit fees	47	47	25	25
Administrative expenses	2,742	2,738	2,509	2,509
Residential development fees	50	50	108	108
Advertising and promotional expenses	2,186	2,186	2,270	2,270
Bursaries payable	1,728	1,728	1,368	1,368
Heat, light, rates and water	1,490	1,490	1,411	1,411
Repairs and maintenance to premises	5,243	5,243	3,956	3,956
Inter-campus transport	204	204	162	162
Rents and property leases	64	64	61	61
Other income generation costs	618	591	676	666
	30,172	30,136	25,009	24,998

9 Interest and other finance costs

	Group 31/7/19 £ (000)	University 31/7/19 £ (000)	Group 31/7/18 £ (000)	University 31/7/18 £ (000)
On bank loans not wholly repayable within five years	267	267	202	202
Pension finance costs	374	374	383	383
	641	641	585	585

10 Analysis of 2018/19 expenditure by activity - Group

	Staff costs £ (000)	Other operating expenses £ (000)	Depreciation £ (000)	Interest payable £ (000)	2018/19 Total £ (000)	2017/18 Total £ (000)
Academic departments	16,132	9,590	990	-	26,712	22,748
Academic support services	1,534	4,353	197	-	6,084	5,220
Research grants & contracts	1,280	604	-	-	1,884	1,573
Residences and catering	441	566	-	-	1,007	784
Premises	3	6,999	2,445	267	9,714	8,706
Administration & central services	7,568	7,958	3	374	15,903	15,495
Other services	224	102	16	-	342	537
Total	27,182	30,172	3,651	641	61,646	49,111

The depreciation charge has been funded by:

Deferred capital grants	1,789
General income	1,862
	3,651

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 2018	5,841	110,590	19,574	136,005
Additions	743	2,008	2,178	4,929
Transfers	(5,619)	5,613	6	-
Disposals	(54)	-	(244)	(298)
C/f as at 31 July 2019	911	118,211	21,514	140,636
Depreciation				
B/f as at 1 August 2018	-	7,895	17,572	25,467
Charge for the year	-	2,227	1,424	3,651
Depreciation on disposals	-	-	(238)	(238)
C/f as at 31 July 2019	-	10,122	18,758	28,880
Net book value				
As at 31 July 2018	5,841	102,695	2,002	110,538
As at 31 July 2019	911	108,089	2,756	111,756
University				
Cost or valuation				
B/f as at 1 August 2018	5,841	110,674	19,236	135,751
Additions	743	2,008	2,177	4,928
Transfers	(5,619)	5,613	6	-
Disposals	(54)	-	(244)	(298)
C/f as at 31 July 2019	911	118,295	21,175	140,381
Depreciation				
B/f as at 1 August 2018	-	7,895	17,346	25,241
Charge for the year	-	2,227	1,424	3,651
Depreciation on disposals	-	-	(238)	(238)
C/f as at 31 July 2019	-	10,122	18,532	28,654
Net Book Value				
As at 31 July 2018	5,841	102,779	1,890	110,510
As at 31 July 2019	911	108,173	2,643	111,727

Land and buildings were revalued on transition to FRS 102.
The valuations as at the date of transition have been taken as deemed cost.

12 Investment assets

	Group 2019	University 2019	Group 2018	University 2018
	£ (000)	£ (000)	£ (000)	£ (000)
Investment in subsidiary companies	-	4	-	3
Interest in associates	28	28	28	28
Interest in jointly controlled entity	-	-	-	-
	28	32	28	31

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

Name	Company registered number
Falmouth Enterprises Limited (FEL)	2517317
Falmouth Agency Limited	11105902
Falmouth Staffing Limited	11578921
Falmouth Ventures Limited	10720916

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

Falmouth Ventures Limited has been set up to hold Launchpad activity. The accounts of Falmouth Ventures Limited 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 2019.

The principal activity of Falmouth Agency Limited is the operation of an employment agency for student workers. The accounts of Falmouth Agency Limited 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 2019.

The principal activity of Falmouth Staffing Limited is for the employment of Professional Services staff. The accounts of Falmouth Staffing Limited 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 2019.

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.

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:

	2019 £ (000)	2018 £ (000)
Share of fixed assets	40,848	40,982
Share of current assets	2,623	3,127
Share of current liabilities	(3,348)	(3,237)
Share of long-term liabilities	(22,118)	(23,449)
Share of pension liability	(5,682)	(4,002)
	12,323	13,421
Share of income	16,205	14,593
Share of deficit for the year	(66)	(341)
Share of total comprehensive income	(1,100)	519

Interest in associates comprises:

Name	Company number	Shares	% shareholding
Hertzian Limited	09753777	302	24.7
Burning Arrow Limited (in voluntary arrangement)	09755439	273	25
Cove Entertainment Limited (in voluntary arrangement)	09767297	50	25
Polygrammatic Limited	09753453	25	25
Relative Dimensions Studios Limited	09757678	250	25
Stormtide Limited	09757655	255	25

The above companies are spin-out companies mentored by the University. Shares in these companies are gifted on incorporation. No value has been included in the financial statements on the basis that they are not material.

Other non-current investments of the University comprise:

Name	Company number	Shares	% shareholding
Atlantic Press Limited	05122849	10	10
Stream TV Limited	08471003	100	5

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

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

13 Debtors

	Group 2019	University 2019	Group 2018	University 2018
	£ (000)	£ (000)	£ (000)	£ (000)
Fees and charges	489	489	325	325
Trade debtors	360	354	1,251	1,244
Prepayments and accrued income	696	695	607	607
ERDF and ESF grants due	2,002	2,002	876	876
Amounts owed by group undertakings	-	102	-	-
Amounts owed by jointly controlled entity	-	-	127	127
Sundry debtors	557	557	18	18
Bad debt reserve	(314)	(314)	(94)	(94)
	3,790	3,885	3,110	3,103
Falling due after more than one year:				
Loan	-	-	500	500
Total	3,790	3,885	3,610	3,603

14 Creditors – amounts falling due within one year

	Group 2019	University 2019	Group 2018	University 2018
	£ (000)	£ (000)	£ (000)	£ (000)
Bank loan	251	251	250	250
Bank overdraft	9	9	51	51
Trade creditors	660	658	1,705	1,705
Accruals and deferred income	6,044	5,993	5,179	5,139
Social security and other taxation	890	868	866	865
Amounts owed to group undertakings	-	-	-	26
Amounts owed to jointly controlled entities	501	501	-	-
Other creditors	32	31	67	67
	8,387	8,311	8,118	8,103

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.

15 Creditors – amounts falling due after more than one year

	Group and University	
	2019	2018
	£ (000)	£ (000)
Accruals and Deferred income	55,577	55,837
Bank loans	8,848	7,100
	64,425	62,937

	Group and University	
	2019	2018
	£ (000)	£ (000)
Amounts repayable on loans:		
In one year or less	251	250
In more than one year but not more than two years	347	251
In more than two years but not more than five years	1,773	994
In more than five years	6,728	5,855
	9,099	7,350

	Amount	Term	Interest rate
	£ (000)		%
Lloyds Bank plc	215	2022	0.2% above base rate
Lloyds Bank plc	2,809	2035	2.25% above base rate
RBS	6,075	2027	1.3% above base rate
	9,099		

16 Provisions for liabilities

	Enhanced Pension Provision	Relocation costs	Total
Group & University	£ (000)	£ (000)	£ (000)
Balance at 1 August 2018	635	21	656
Transferred from Income and expenditure	26	29	55
Utilised in the year	(47)	(21)	(68)
Balance at 31 July 2019	614	29	643

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 16 at 31 July 2019. 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 less amounts already claimed per employee expected to relocate. The number of employees to which the provision relates is 9.

17 Endowments

	Group and University	
	2019	2018
Permanent and expendable endowments	£ (000)	£ (000)
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 fair value.

18 Revaluation reserve

	Group 2019	University 2019	Group 2018	University 2018
	£ (000)	£ (000)	£ (000)	£ (000)
Balance brought forward	13,972	-	14,232	-
Share of movement in jointly controlled entity's revaluation reserve	(260)	-	(260)	-
	13,712	-	13,972	-

19 Analysis of changes in net funds

	At 1 Aug 2018	Cashflows	At 31 July 2019
	£ (000)	£ (000)	£ (000)
Cash and cash equivalents	20,150	5,049	25,199
Overdraft	(51)	42	(9)
Total	20,099	5,091	25,190

20 Consolidated reconciliation of net debt

	31 July 2019 £ (000)
Net funds 1 August 2018	12,749
Movement in cash and cash equivalents	5,049
Other non-cash changes	(1,707)
Net funds 31 July 2019	16,091

Analysis of net debt:	31 July 2019 £ (000)	31 July 2018 £ (000)
Cash and cash equivalents	25,199	20,150
Borrowings: amounts falling due within one year		
Secured loans	(251)	(250)
Bank Overdraft	(9)	(51)
	(260)	(301)
Borrowings: amounts falling due after more than one year		
Secured loans	(8,848)	(7,100)
	(8,848)	(7,100)
Net funds	16,091	12,749

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:

	31/7/19 £ (000)	31/7/18 £ (000)
CC Pension Scheme: Charge to the Income and expenditure account (note 7)	3,045	2,925
USS Pension Scheme: contributions paid (note 7)	11	12
Teachers' Pension Scheme: contributions paid (note 7)	1,489	1,429
	4,545	4,366
Enhanced pension charge to Income and expenditure account (note 16)	47	48
Total pension cost for the year	4,592	4,414

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 and 0.2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed gross rate of return is 4.45%.

The latest published accounts (2018-19) estimated that the total liabilities of the scheme were £359,500m using the assumptions of a real rate of return of 0.29% in excess of pension increases and 1.15% in excess of earnings decreases. The rate of return was assumed to be 2.9%.

Employees pay tiered contribution rates ranging from 7.4% to 11.7% according to their salary band. Employer rates are 16.4%, increasing to 23.6% in September 2019.

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 2019 was £2,469k (2018: £2,275k) of which employer's contributions totalled £1,883k (2018: £1,724k) and employees' contributions totalled £586k (2018: £551k).

The actuarial valuation of the scheme at 31 March 2016 showed a deficit of £486m. Employers' contribution rates during the year were 18.1% plus an annual lump sum of £249,700 to March 2018 and 18.1% plus an annual lump sum of £326,800 from April 2018. In 2019/20 the rate will be 18.1% and the lump sum £376,000. Employees pay tiered contributions and these were between 5.5% and 12.5% (2017: 5.5% to 12.5%).

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 rolled forward to 31 July 2019 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:	2019 %	2018 %
Rate of increase in salaries	2.5	2.5
Inflation - CPI	2.4	2.4
Rate of increase for pensions in payment	2.4	2.4
Discount rate for liabilities	2.2	2.8
Commutation of pensions to lump sums - membership post 1 April 2012	70.0	70.0

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.

	Males	Females
Current Pensioners	22.1 years	23.6 years
Future Pensioners *	22.3 years	25.0 years

* Figures assume members aged 45 as at the last formal valuation date

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 2018	Bid value at 31 July 2019	Long term rate of return expected at 31 July 2018	Bid value at 31 July 2018
	%	£(000)	%	£(000)
Equities	2.2	18,213	2.8	13,191
Bonds	2.2	12,253	2.8	12,349
Property	2.2	2,318	2.8	2,245
Cash	2.2	331	2.8	281
Estimated employers' share of scheme assets		33,115		28,066
Present value of scheme liabilities- Funded		(50,235)		(40,863)
Deficit in the scheme		(17,120)		(12,797)

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 2019.

Actual return on assets

	2019 £'000	2018 £'000
Actual return on assets	3,048	2,002

Analysis of the amount charged to Income and Expenditure account

	2019 £(000)	2018 £(000)
Current service cost	2,995	2,930
Total operating charge	2,995	2,930

Analysis of pension finance costs

	2019 £(000)	2018 £(000)
Interest income on plan assets	(813)	(678)
Interest on pension scheme liabilities	1,187	1,061
Net cost	374	383

Amount recognised in other comprehensive income (OCI)

	2019 £(000)	2018 £(000)
Actuarial (loss)/gain recognised in OCI in the year	(2,805)	2,388
Cumulative actuarial loss recognised in OCI at 1 August	(4,081)	(6,469)
Cumulative actuarial loss recognised in OCI at 31 July	(6,886)	(4,081)

Asset and Liability Reconciliation

	2019	2018
Reconciliation of Liabilities	£ (000)	£ (000)
Liabilities at start of period	40,863	37,808
Current service cost	2,995	2,930
Interest cost	1,187	1,061
Employee contributions	586	551
Remeasurements*	5,040	(1,064)
Estimated benefits paid	(468)	(426)
Losses on curtailments	32	3
Liabilities at end of period	50,235	40,863

Reconciliation of Assets

Assets at start of period	28,066	24,215
Interest income on plan assets	813	678
Remeasurements**	2,235	1,324
Employer contributions	1,883	1,724
Employee contributions	586	551
Estimated benefits paid (net of transfers in)	(468)	(426)

Assets at end of period	33,115	28,066
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* Remeasurements of liabilities	(5,040)	1,064
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** Remeasurements of assets	2,235	1,324
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Actuarial (loss)/gain recognised in OCI at 31 July- University	(2,805)	2,388
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Share of joint venture's actuarial (loss)/gain	(1,034)	859
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Actuarial (loss)/gain recognised in OCI at 31 July- Group	(3,839)	3,247
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History of liabilities, assets and experience adjustments

	2019	2018	2017	2016	2015
	£(000)	£(000)	£(000)	£(000)	£(000)
Scheme liabilities	(50,235)	(40,863)	(37,808)	(37,138)	(30,397)
Scheme assets	33,115	28,066	24,215	21,287	19,666
Deficit	(17,120)	(12,797)	(13,593)	(15,851)	(10,731)
Experience adjustments on Scheme liabilities	(5,040)	1,064	1,818	275	143
Experience adjustments on Scheme assets	2,235	1,324	768	(537)	532

Pension scheme – USS (Group and University)

The total cost charged to the Statement of Comprehensive Income is £11K (2018: £12K).

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

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

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

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

Discount rate (forward rates)

Years 1-10:	CPI - 0.53% reducing linearly to CPI - 1.32%
Years 11-20:	CPI + 2.56% reducing linearly to CPI + 1.7% by year 21
Years 21 +:	CPI + 1.7%

Pension increase (CPI)

Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

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

2019 and 2018

Mortality base table

Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.

Post retirement: 96.5% of SAPS S1NMA “light” for males and 101.3% of RFV00 for females.

Future improvements to mortality

CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% p.a. for females.

The current life expectancies on retirement at age 65 are:

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

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

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

Key assumptions used are:

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

22 Capital commitments

	Group and University	
	2019	2018
	£ (000)	£ (000)
Authorised but not committed	1,704	5,039
Commitments contracted at 31 July	2,806	1,421

Amounts authorised are in respect of works on capital projects for the Penryn campus 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 £24m as at the year-end (total loans are £48m). These term loans are repayable over various terms up to 39 years and £16.4m is at a fixed interest rate. The commitment that sits with Falmouth has an annual repayment requirement of £725k whilst the remainder rests with FX Plus and is met through the annual rental income which, for 2018/19, 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 £2,400 (2017/18: £35,040). Andrew Allen (Independent Member of the Board of Governors until 31 May 2019) is a partner in this organisation, as is Duncan Leslie (Independent Member of the Board of Governors since 1 May 2019)

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.

The FX Plus Group has capital commitments as follows:

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

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	Sales to related parties	Amounts owed to related party	Amounts owed by related party
Falmouth Exeter Plus Group	£ (000)	£ (000)	£ (000)	£ (000)
2019	13,344	423	501	-
2018	11,210	165	-	127

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 (FXU)

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 FXU during the year as follows:

	Year to 31/7/19	Year to 31/7/18
	£ (000)	£ (000)
Block grant	536	516
Sports	30	30
	566	546

25 Non-adjusting post balance sheet events

As set out in note 21 in respect of the USS pension scheme, a new schedule of contributions based on the 2018 actuarial valuation has been agreed since year end. This will be reflected in the university's financial statements for the year ended 31 July 2020.

On 22 November 2019 the consolidated financial statements were authorised for issue by the Governing Body and do not reflect events after this date.

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