University College
FALMOUTH
Incorporating Dartington College of Arts

Consolidated financial statements

Year ended 31 July 2010

University College Falmouth

University College Falmouth

Board of Governors (at date of signing)

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ATM Staff Representative	Mr A Barnes
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Pro Rector	Dr A Upton
Director of Finance and Resources	Mrs N Lamond
Registrar & Secretary to the Board	Mr A Schorah

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University College Falmouth
Consolidated Financial Statements
for the year ended 31 July 2010

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Operating and financial review

Introduction

The past year has been a busy and successful one at University College Falmouth (the University College). This is because it has been a year in which the institution's turnover has grown by nearly 10% while embarking upon a considerable amount of change. The University College's well considered change plan, i.e. the 'Road Map', is designed to make the University College better placed to respond to the opportunities and changing funding environment ahead.

The University College's vision of establishing Arts University Cornwall will be very much in its grasp following the implementation of the 'Road Map', realisation of the full benefits of the merger with Dartington College of Arts following the relocation of activity to Tremough in 2010 and delivering research and knowledge transfer success through the recently approved Academy for Innovation and Research.

Key Results and overview for the year

Summary key results for 2009/10 are shown below:

	2009/10 £ (000)	**2008/09 £ (000)**
Income	33,680	31,041
Staff Costs	(18,901)	(17,377)
Other operating expenses and depreciation	(14,281)	(13,216)
Operating surplus before exceptional pension credit	**498**	**448**
Exceptional pension credit	987	-
Surplus for the year before surplus/loss in joint venture but after depreciation of assets at valuation	**1,485**	**448**
Share of surplus/loss in joint venture	143	(314)
Surplus for the year after depreciation of assets at valuation	1,628	134
Revaluation Reserve Release	307	307
Historical Cost Surplus	**1,935**	**441**

These results can be measured against key financial performance indicators as shown below. In all cases performance has exceeded target KPI's.

KPI	**Actual**	**Target**
Growth in income for the year	9%	7%
Historical cost surplus (excluding all FRS 17/pension adjustments)	3.8%	2.8% or above
Liquidity ratio	1.44	1.15 or higher
Gearing ratio (measured as Annualised Service Cost)	4.5	5.7 or lower
General reserves as % of income (gross of pension liability)	24%	21% or above

Overview

Income

Turnover (including share of joint ventures) has increased by just under 10% (£3.4m) due to the following;

- Funding Body Grants, primarily Higher Education Funding Council for England (HEFCE), have increased by £1.3m (8%) compared to 2009 due to growth in funded student places.
- Tuition fees and education contracts have increased by £1.4m (15%) as a result of higher student numbers and the first year with no deferred students paying the previously capped lower fees.
- Other Income has increased by £0.8m primarily due to increased residences and catering income derived from student growth and new residences.

Staff Costs and Other Operating Expenditure

- Staff Costs have risen by 9% (£1.5m). This is attributable to higher numbers of temporary staff in support of merger activity, single pay framework increases of 2%, cost of living pay awards of 0.5% and an FRS17 pension cost.
- Other Operating Expenses rose by 9% (£1m). This increase reflected redundancy and relocation costs associated with the relocation of Dartington staff, increased bursaries linked with student growth and business relations costs incurred in a HEFCE funded project to stimulate economic growth during the recession.

Exceptional Item

- An exceptional pension credit of £987k is attributable to a change in the Local Government Pension Scheme (LGPS) which will link future pension increases to CPI rather than RPI. Also associated with the LGPS scheme are costs of £332k included in staff and interest costs.

Joint Venture

- Tremough Campus Services' overall surplus for the year is £286k with the University College's share being £143k. This is the first year in which TCS has generated a surplus reflecting higher numbers of students and therefore footfall, more residential accommodation and favourable interest rates on residential debts.

Balance Sheet Key Movements

An increase in net assets of £12.2m made up primarily of the addition of the Performance Centre to the Estates. This is matched by deferred grants.

At the year-end the general reserves (gross of pension reserve) were 24% of turnover. All banking covenant requirements relating to the TCS residences loans (see Note 28), were met.

1 Mission and strategic objectives

1.1 In July 2008, following the merger of University College Falmouth with Dartington College of Arts (DCA) in April 2008, the Board of Governors approved a new strategic plan for the University College.

1.2 Building upon the success over recent years the University College's Vision in the plan is for the creation of the Arts University Cornwall.

1.3 **The Arts University Cornwall will be one of the leading specialist arts universities in the world and set an international benchmark for excellence in education and practice in art, design, media and performance and through its engagement with business and its communities.**

1.4 The **Mission** is**:**

> **To establish the Arts University Cornwall, where students and staff, as members of a community of practitioners and researchers, will reach the highest creative and professional levels, enriching society and the economy.**

1.5 Within 2009/10, key objectives relating to the new strategic plan were to:

- Increase Home / EU HE student numbers to 3,360;
- Relocation of Dartington staff and students to the Tremough Campus and re-launch of the performance portfolio
- Implement a new academic management structure and complete a portfolio review;
- Develop the Academy for Innovation and Research as a major project for the Convergence European funding programme and secure funding of £9m for it;
- Progress design and secure funding of £10m for the extension of academic support spaces ('The Exchange') in partnership with the University of Exeter (UoE);

1.6 All of these matters are covered in the body of this Operating and Financial Review.

2 Scope of the financial statements

2.1 The financial statements presented comprise the consolidated results of the University College, its subsidiary, Falmouth Enterprises Limited (FEL), and the University College's share of its joint venture, Tremough Campus Services Group (incorporating Tremough Campus Services (TCS) and its wholly owned subsidiary Tremough Development Vehicle Limited (TDV)).

2.2 Income generating activities (excluding commercial services at Tremough), which are not directly pursuant to the University College's charitable objectives, are conducted through FEL. This allows all taxable profits to be gifted to the University College.

2.3 TCS was established as a joint venture company by the University College and University of Exeter (UoE) on 16 April 2004 as a company limited by guarantee. The company has exempt charity status by virtue of its charitable activities in support of higher education and took over responsibility for delivering all estates functions and commercial activities on the Tremough campus from 1 August 2004. TDV is a wholly owned subsidiary of TCS and acts as the agent of the two Higher Education Institutions in the procurement of academic building projects and also acts as the trading arm of TCS.

2.4 The accounts have been prepared in accordance with the Statement of Recommended Practice for Higher Education and HEFCE accounts direction.

3 Financial Analysis

3.1 Income

Turnover (including share of joint venture) has increased by 10% (£3.4m) during the year mainly due to the growth in numbers which rose from 2,982 to 3,220, a rise of just under 8% and increased income from the joint venture residences and catering.

3.2 Funding Body grants (see Note 2)

3.2.1 The recurrent grant for teaching from HEFCE increased by £987k due to the increase in student numbers but after a reduction in funding for students with equivalent awards (ELQs) and an efficiency saving that was required across the sector. Also included within this amount were higher allocations for widening participation due to the higher number of eligible students and a 20% increase in the QR-funded research allocation to £545k.

3.2.2 Funding for the merger increased during the year to match the costs of redundancy noted below which arose with the closure of the Dartington campus at the end of July 2010.

3.2.3 Business relations income rose despite a fall in the main HEIF grant following the successful award of funding under the Economic Challenge Investment Fund (ECIF).

3.2.4 Other HEFCE grant income fell back following the cessation of Learning & Teaching money received in the previous year under an initiative that has now stopped.

3.2.5 Capital grants rose through spending on Teaching Capital Infrastructure Fund /Research Capital Infrastructure Fund funded assets which was partly matched by a rise in depreciation.

3.3 Tuition fees and education contracts (see Note 3)

3.3.1 Tuition fees increased based on student number growth among undergraduate and part-time students and because it was the first year with no deferred students paying the previously capped lower fees.

3.4 Research grants and contracts

3.4.1 In line with the University College's research aspirations awards have been sought and Research Council and European funding grants were received during the year.

3.5 Other income (including share of joint venture)

3.5.1 This heading includes the University College's share of income from TCS which rose significantly during the year in line with additional students based on the Tremough campus and their impact on trading operations including residences. Overall, this trading amounted to an increase in income of £1m of which the University College's share was £500k.

3.5.2 Other income including EU grants includes £1.8m of European Structural Funds mainly linked to the merger and research activity, £1.4m as the University College's share of TCS's property income from both Tremough partners and £900k of other grants including widening participation initiatives and student support.

3.5.3 Income from services provided to UoE through combined service agreements for Academic (Library, IT, Learning Support and Careers) and Student Service (Counselling, Accessibility, Religious Representation and Student Union) activities are shown with a small increase reflecting additional student numbers from UoE.

3.5.4 Deferred capital grant income has reduced as grant funded assets have been fully written off.

3.6 Endowment and investment income

3.6.1 Following the collapse in interest rates the amount of earned income from bank deposits fell during the year. During the year the University College held average cash balances of c£4m but generated only 0.5% from accounts held with several high street banks. Due to high capital payments and fluctuating cash balances pending receipt of capital grants from funders, long term investments were not possible. This depressed the returns which were available.

3.7 Staff Costs (see note 7)

3.7.1 Before the exceptional pension credit (explained below), costs rose in line with student growth of 8% whilst the overall number of staff employed stayed constant. This was largely due to the increased use of temporary agency staff increased in support of merger activity together with a pay award of 0.5%, costs for incremental progression of 2%, a rise in the employers' contribution rates for pensions (0.2%), and an FRS17 charge of £90k (2008/09 - £89k credit) which saw costs rise disproportionately.

3.7.2 Against this the latest actuarial valuation of scheme liabilities for the Local Government Scheme (LGPS) includes a revision to the assumed basis of future benefits. The resultant credit of £987k has been shown as a credit in the Income & Expenditure Account. This treatment is under review by the Urgent Issues Task Force of the Accounting Standards Board and could lead to a prior year adjustment next year should this treatment be subsequently disallowed.

3.8 Other Operating Expenses (see note 8)

3.8.1 Non staffing costs rose by 9% which was below income growth but included student-related activities such as bursaries which are now in excess of £1.1m. Also included were one-off costs relating to Business Relations who secured ECIF monies during the year and accrued costs for redundancies and relocation for Dartington staff following the closure of the campus on 31 July 2010.

3.9 Balance Sheet Key Movements

3.9.1 The net asset position for the University College rose by 19% (£12.2m) during the year following:

- An increase in tangible fixed assets of £11.6m largely for the construction of the Performance Centre which was matched by a similar rise in deferred capital grants.
- An increase in net current assets of £1m primarily through cash balances.
- Increased income and expenditure account reserve due to the 2009/10 historical cost surplus.
- A reduction in the FRS17 deficit of £234k, being the University College's share of the Cornwall Council Local Government Pension Scheme.

3.9.2 At the year end general reserves, excluding the pension reserve, amounted to 24% of turnover which meant that all banking covenants relating to the TCS residential loans have been met.

3.10 **Cashflow and Investment Performance**

3.10.1 The consolidated cashflow for the year shows that the University College continues to generate cash surpluses from recurrent activities for future investment.

3.10.2 Cash holdings and cash investments at the year end, net of the bank overdraft, amounted to £4.5m which was an increase of £1.5m in the year.

3.10.3 The current ratio is 1.44 which is similar to that for the prior year and represents a satisfactory level of liquidity in relation to sector norms and the institution's treasury management policy. Cash continues to be important and regular cashflow reports are sent to the Board of Governors during a period of continued capital investment where large cash payments to contractors are being made before grant funding can be drawn down.

3.10.4 University College management extended the overdraft facility with the bank for a further 12 months as a contingency in case of late claims or payment from the Regional Development Agency.

3.10.5 The University College has drawn down a loan from Lloyds TSB Bank plc of £866k from a facility of £1.25m. Interest is calculated on the loan at 0.2% per annum above the Bank's Base Rate. The loan is repayable on a monthly basis over 15 years.

3.11 **Long-term borrowing facility**

3.11.1 The University College has complied with all of the financial covenants relating to the loan from Lloyds TSB Bank and the loans to TCS from LloydsTSB Bank and Barclays Bank.

4 New Academic Management Structure and Portfolio Review

4.1 During the year a new academic management structure was implemented creating two new Schools; one in Media and Performance and the other in Art and Design. These two Schools are comprised of five academic departments headed by newly appointed Heads of Department.

4.2 Three Associate Dean posts have been established in each School to support the Deans in a more devolved management structure. Within the five Departments 40 courses have been rationalised into 18 programmes with a commensurate reduction in management cost. With the enhancement of management capacity in the Schools significant improvement in efficiencies and academic quality are expected.

4.3 Senior Management Posts in total have reduced by more than one fifth as more authority and responsibilities have been passed to the Schools.

4.4 In addition to the above a review of the portfolio was undertaken during the year in the light of changing student demand and a number of awards are no longer being offered. However there are a number of new awards being launched as the University College continues to invest to grow its portfolio and student numbers.

5 Relocation of Dartington staff and students and launch of new performance portfolio

5.1 At the end of September 2010 the staff and students based at Dartington moved into the new £15.9m purpose built Performance Centre at Tremough (as part of the £19m merger project). This marked the culmination of nearly four years of work from the inception of the merger plan and 2½ years of transition for the staff and students since the merger in 2008.

5.2 A re-launch of the performance portfolio has accompanied the launch of the building with additions including dance, popular music and creative music technology.

5.3 A formal celebration of the opening took place on 22 October 2010 followed by a weekend programme of performances open to the public and all stakeholders between 28 and 31 October 2010.

6 Employee involvement

6.1 The University College places considerable value on the involvement of its employees and on good communication with them. A regular on-line newsletter is made available to all staff and separate supplements are published when the need arises. Staff are encouraged to participate in formal and informal consultation, e.g. the extensive Road Map consultation, at University College and School levels, and very often through the membership of formal committees.

6.2 The University College recognises the Academic trade union, UCU and GMB and Unison representing the professional services staff. The Joint Consultative Negotiating Committee is the formal committee used for Union consultation.

6.3 A staff satisfaction survey will be conducted in 2010/11 following the relocation of Dartington staff.

7 Health and Safety

7.1 The University College's Health and Safety Committee oversees the robust implementation of all health and safety policies and ensures regular health and safety audits and risk assessments are undertaken with remedial action following hazard identification.

7.2 As part of the new committee structure introduced in 2010/11, this Committee reports to the Management Board and it also reports to the Tremough Safety Liaison Committee (TSLC) along with UoE's and TCS's safety committee to ensure all shared risks are managed and understood across all parties at Tremough. The TSLC will consider the health and safety risks associated with the intensive building programme at Tremough over the next couple of years, ensuring the mitigation plans are effective.

7.3 In August 2010 the University College appointed its own dedicated health and safety officer who will work closely with counterparts in TCS and UoE at Tremough. This new capacity will provide additional support for training and risk assessments.

8 Academy for Innovation and Research

8.1 The University College has been successful in attracting £9m of Convergence Funding (matched by UK funding) to support the creation of the Academy for Innovation and Research (AIR). This project will enable the University College to develop strong research bases in two major areas; ie: Sustainable Design and Digital Economy, and to stimulate growth in these two fast growing business sectors as part of Cornwall's growing knowledge based economy.

8.2 The Digital Economy theme is strongly linked to another Convergence project supporting the roll out of Next Generation Broadband to businesses and households over the next three years in Cornwall.

8.3 Over one third of the funding for AIR will be used to recruit top class researchers and business managers in the two fields during the early years of AIR while sustainable income sources are growing. Recent successes in securing Research Council grants augur well for the future of this exciting project and for the University College's aim to achieve Research degree awarding powers.

8.4 The European Social Fund under Convergence is also supporting the growth of Research capacity as a key component of the Lisbon Agenda which will include doctoral and masters students.

9 Estates and facilities (including carbon footprint)

9.1 During the year the University College completed two important pieces of work in relation to the Estates Strategy and the Carbon Management Plan:

- Estates strategy – this was completed in March 2010 and confirmed that the preferred option for estates development was for a two campus operation at Woodlane and Tremough, which will see the disposal of satellite annexes over the next few years. During the period from 2009 up to 2014 space utilisation is set to improve with a 30% reduction in space usage per student. A lot of this is achieved through the relocation of activity from Dartington. At the same time a condition survey was carried out which confirmed that the institution's estate is graded condition A and B meaning that there is limited backlog maintenance thanks to investments over recent years.
- Carbon management plan – this was completed in conjunction with the UoE and TCS together with the Carbon Trust, as part of the wider HE Carbon Management Programme, and sets targets for carbon reduction over the next ten years. The strategy is to reduce the carbon footprint in absolute terms by 10% by the end of 2013/14 which equates to a 32% reduction pro rata to activity. The Performance Centre achieved a BREEAM rating of 'excellent' and all new buildings will be built to higher environmental standards than ever before and existing ones will be improved through a series of carbon reduction projects. This investment is being funded in part following successful applications for Revolving Green Funds (SALIX).

10 Tremough Campus Services Group (TCSG)

10.1 Management Restructuring

10.1.1 During the year the Board commissioned an independent review of the management structure of the group. It was agreed to bring the operations and development arms of the group under single management through the appointment of a new Chief Executive Officer (CEO) responsible for the overall group. This would make the lines of accountability to the TCSG Board clearer.

10.1.2 In addition a new post of Director of Estates and Development has been established reporting to the CEO. As a result, three roles in the old staffing structure were made redundant. Interim management arrangements were put in place pending the appointment of permanent post holders.

10.2 Tremough Campus Services (TCS)

10.2.1 For the first time since incorporation the joint venture, Tremough Campus Services (TCS), realised a surplus on operations. The University College's share of this is £143k which has been achieved through tight cost management and beneficial interest rates on residential loans.

10.2.2 **Residential Accommodation**

As an extension to the Glasney Parc village, a further 427 residential units were completed and handed over to TCS in October 2009.

An accommodation strategy has been developed and approved which will address pressures in both on and off site student accommodation with the positive impacts being felt by 2011/12.

10.2.3 **Art and Landscape Strategy**

Over the course of the last year staff and students from both UoE and the University College and TCSG staff have come together with Art and Landscape consultants to produce a strategy to address the overall look and feel of the external spaces and the visual and functional coherence of the campus as a whole.

10.3 **Capital developments (TDV)**

10.3.1 The largest project during the year has been the Performance Centre, a purpose built facility to accommodate the Dartington provision, which cost £15.9m and was delivered on time and on budget. This was financed by the European Regional Development Fund, HEFCE and the South West Regional Development Agency.

10.3.2 To support this new building further expansion including campus-wide infrastructure works were also undertaken together with design and planning for UoE's ESI building (£21m), the University College's AIR building (£6m) and the Exchange (£10m), an extension to the shared facilities on site including the joint learning resource centre and teaching accommodation. All these projects are expected to start in early 2011 with enabling works commencing during autumn 2010.

10.4 **Tremough Innovation Centre**

10.4.1 In October 2010, Cornwall Council acquired land from the University College and UoE and SWRDA on the Tremough site and commenced ground works for the new Tremough Innovation Centre (TIC). This £10m project will be completed in late 2011 and provide opportunities for knowledge based businesses to grow and benefit from the considerable human capital and facilities of the campus. It is expected that AIR and ESI will provide a pipeline of knowledge based enterprises to the new centre.

11 Partnerships

11.1 In addition to partnership projects included above such as the Tremough Campus joint venture with the University of Exeter, AIR and the Tremough Innovation Centre, the University College has continued to build its involvement in a large range of external projects and partnerships.

11.2 These include the Design of the Times (DOTT) Design Council project in Cornwall through membership of the Executive and Advisory Boards. The University College is leading the DOTT Cornwall's 'Share the Road' project. DOTT Cornwall has now been extended to complete by March 2011 and the development of AIR will be an important legacy.

11.3 The University College has continued to develop its successful schools strategy and its links with FE providers in Cornwall. The development of Recognition, Compact and Progression agreements with schools and colleges was approved in 2009/10. This has been extremely well received by schools and colleges and has led to an immediate strengthening of collaborative work that can now be formalised within these agreements. The University College hosted the 2010 Kernow Education Arts Partnership (KEAP) annual conference and will continue its involvement to extend its links with schools and colleges in Cornwall and Devon.

11.4 The University College has and will continue to work locally through live projects with businesses and the community. These include 'designed.in cornwall', the Young Design Programme with the Sorrell Foundation, Newlyn Art Gallery, Trebah Garden, and a year round exhibition programme at local venues such as the Poly Falmouth. The University College is also a member of the Business Improvement District (BID) that is playing a key role in the regeneration of Falmouth's economy.

11.5 The University College works very closely with Cornwall Council and, through the Combined Universities in Cornwall project (CUC), with the other HE providers in Cornwall. This CUC project work includes significant European Social Fund Research and Enterprise partnership projects.

11.6 The CUC Central team continues to support the CUC partnership. The University College employs the staff and acts as the contracting body for funding purposes on behalf of the full CUC partnership. All items in the accounts relating to CUC are separately identified (see note 31).

12 Principal Risks facing the University College in the current and future years

12.1 Impacts of the proposed arrangements for funding and student finance

12.1.1 During October and November 2010 the publication of the Browne Review, titled 'Securing a sustainable future for higher education', was followed by HE budget cuts announced in the Comprehensive Spending Review and then the Willets statement on higher education funding and student finance. It is now clear that Government policy is for HE to be overwhelmingly paid for by higher tuition fees paid by students replacing block teaching grants from HEFCE. The new undergraduate fee cap is expected to be £9,000 but with additional obligations to support student access wherever tuition fees exceed £6,000.

12.1.2 Until the detailed funding is available it is not known how the transition will be handled nationally and whether HEFCE grant will be gradually reduced as it is replaced by higher fee income. However, it is inevitable that the next three to five years will be challenging for the University College and the sector generally. There may in time be some constraints removed such as numbers' caps and some aspects of regulation and control which could be of real benefit to the University College as it continues to grow and invest for the future. On the other hand there can be fears around the student market's response to fees and the appetite for students to take on higher levels of debt. Undoubtedly the quality of student experience, subject demand, institutional brand, employability and graduate premium will be key factors in the new market. The University College is currently developing its revised strategic plan which will respond to the new funding environment.

12.2 University title and brand

12.2.1 As referred to above branding is of critical importance going forward and achieving the University title is central to this. The University College intends to be top of class among creative arts universities globally over time. With this strong vision, there are undoubtedly risks around competition, student numbers and research reputation but the Road Map, AIR and other projects are expected to heavily mitigate these risks.

12.3 Cost Reduction and Improved Performance

12.3.1 Performance across all functions will need to be honed to deliver better services and more efficiency in response to cuts in public funding and student expectations. The programme of change to deliver this, as referred to above, is the 'Road Map'. There are 25 actions within the Road Map addressing priorities ranging from the academic restructuring and introduction of a workload allocation model to enhancement of the registry and estates rationalisation. There are inevitable delivery risks surrounding the ambitious Road Map plans and many of these revolve around timescale. However the institution has successfully secured £760k from HEFCE's University Modernisation Fund, launched in spring 2010, in order to fund and accelerate many of its initiatives and most of this work is well underway.

12.4 Major Capital Programme

12.4.1 In October 2010, it was confirmed that AIR and the Exchange would be fully funded by European and UK matched funding. This substantial achievement was the culmination of years of preparation and work by staff and is a huge boost to the confidence of the institution and its expectation of achieving university status.

12.4.2 This means however that there will be at least four major building projects to deliver at Tremough over the next three years with potential risks of disruption which will undoubtedly demand a lot of management input, expertise and careful consideration of the experience of students and staff.

13 Conclusion

13.1 The last year has been another successful year for the University College with significant growth and substantial progress made in strengthening management across the institution and in improving competitiveness.

13.2 The annual financial surplus has exceeded the budget, TCS has delivered its first surplus and £12.2m has been added to the institution's net assets. These results, along with the savings planned from 2010/11 onwards, will help the University College during the turbulent times ahead in the HE sector and to achieve its vision of establishing Arts University Cornwall.

Signed: .... 26 November 2010
James Williams
Chair, Board of Governors

Signed: .... 26 November 2010
Anne Carlisle
Rector and Chief Executive

Public Benefit Statement
University College Falmouth

University College Falmouth is an exempt charity under the terms of the Charities Act 2006.

In setting and reviewing the University College's objectives and activities, the Board has had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education.

Aims and Objectives
The University College was set up as a higher education corporation on 1 April 1989. The overall aims of the University College are those set out in the Education Reform Act 1988. These include powers 'to provide higher education', 'to provide further education' and 'to carry out research and to publish the results of the research'.

The Financial Strategy was agreed at the same time as the new Arts University Cornwall vision in summer 2008.

> "The Arts University Cornwall will be one of the leading specialist arts universities in the world and set an international benchmark for excellence in education and practice in art, design, media and performance, and through its engagement with business and its communities."

It sought financial sustainability through step growth in teaching, research and enterprise activities to be achieved by:

- Step growth in teaching, research and enterprise activities,
- Diversification in income sources and activities,
- Effective partnerships,
- Sustainable investment planning.

The values of equality, openness and transparency, mutual respect and excellence, which were written into the Strategic Plan, also underpinned the development of the Financial Strategy and the business case for the 'Road Map'. Specific objectives for 2009/10 are outlined in the operating and financial review together with progress and achievements attained.

Equality & Diversity (E&D)
The University College's work in the area of E&D is regarded as an important part of its public benefit role.

To reflect the increasing profile attached to equality, diversity and inclusion (E&D) at University College Falmouth, a new E&D Committee was established during the year and a comprehensive E&D Annual Report produced with highlights from 2009/10. The latter provided analysis of student and staff profiles by gender, age, ethnicity and disability, baseline data that informed short, medium and long-range targets for improving staff and student diversity. This included:

- increasing numbers of minority ethnic staff
- improving staff disclosure of disability
- analysis of academic post holders by gender
- setting institutional targets in place for recruitment of students from non traditional backgrounds
- establishment of formal compact agreements with schools and colleges.

Annual Report Highlights

- Research conducted and a report produced by the institution's teaching enhancement team, into the experience of mature students at the University College (2009).
- Creation of a new Dyslexia Coordinator post to oversee provision of services for students with dyslexia and other specific learning difficulties.
- Staff Development Programme now offers 10 different professional development options around E&D, including a focus on providing support for staff with dyslexia.
- Access audits carried out on facilities at Tremough Campus.

The University College engages with the European Regional Development Fund (ERDF) cross-cutting theme of Equality and Diversity for all its major development projects, resulting in considerable improvement in our engagement with inclusive design and accessibility.

Community engagement
The University College continues to work in partnership with Cornwall Council and the Town Councils of Falmouth and Penryn. From discussions about student housing and planning policy to the student volunteering scheme run through the student union, FXU, the University College is determined to foster positive relations between town and gown.

We are playing a key role in the regeneration of Falmouth's economy by participating in the town's Business Improvement District scheme which aims to market Falmouth as a destination for visitors and businesses alike.

The University College, UoE and TCS have established a community engagement plan which is proving to be an effective means of communicating with local stakeholders and resolving problems.

From Bodmin and Budehaven to Redruth and the Roseland, pupils from Cornwall's secondary schools and FE colleges were involved in the University College's pioneering '**designed.in cornwall'** annual event that celebrates design and technology excellence within the County's young people. In addition, the University College enhanced and formalised our links with schools, colleges and community organisations through the Kernow Education Arts Partnership (KEAP) as part of our stretching targets for widening participation. These are but a couple of examples of how the University College works with the community.

Student Admissions and Widening Participation
University College Falmouth believes a diverse student population is important from an educational and social perspective; enhancing the educational experience for all. The University College is committed to providing an environment which promotes equality of access celebrates diversity and creates an atmosphere of dignity and respect for staff, students and others associated with the institution. The University College is committed to adopting the principles of equality of access for students with disabilities in order that they can take a full part in all aspects of University life. The University College will actively support greater integration of international, part-time and minority ethnic students into the larger student population. It is committed to promoting integration based on trust, mutual respect, understanding and appreciation of contributions by individuals and groups to the achievements of the University College as a whole.

Widening Participation is addressed by a small dedicated team that works across the entire student lifecycle to develop and deliver aspiration raising, access and retention activities for potential, new and existing students from under-represented parts of the community. The relationship between Widening Participation and Learning and Teaching at University College Falmouth has always been particularly strong and goes beyond the formal reporting committee. The current Learning and Teaching Strategy stresses the importance of inclusive and flexible learning, and of embedding the considerations of sustainability, equality and diversity within the curriculum. Widening Participation and Learning and Teaching frequently collaborate together on retention initiatives and student experience research.

Bursaries
The University College wishes to offer assistance to students who may not have sufficient financial resources to support their studying. The Institution has closely examined its student demographic and has based its bursary allocation upon supporting as many students as possible and, in doing so, is recognising the differing needs for particular groups of students. The University College believes that for those students in the lowest income bracket, the main barriers to HE are not only financial but also include knowledge of opportunities and limited aspirations. Therefore for the lowest income group, whilst additional financial support is provided, extra funds are also redirected for outreach and raising

aspirations. The University College has appointed highly trained and dedicated staff to administer bursaries in addition to its Access to Learning Fund, providing a coherent and simple process for all students in need of financial support. In 2009/10, the University College expended £1.4m in scholarships, bursaries and Access to Learning awards.

The University College is aware that all potential students need to be able to access clear and accurate information about the financial support available to them. This includes both the Institutional support and other external sources of financial support for which they may be eligible. The University College publishes a ‘Financial Guide’ for students in paper format, which is also available in large print, Braille, audio etc for those students who may require it. This is published on the website together with a ‘bursary calculator’ tool to help students estimate the amount of support to which they would be entitled.

Other public benefit activities
Along with 28 other HEIs, the University College participated in the 2010 Environmental and Social Responsibility benchmarking exercise run by Universities that Count.

As a major partner in Design of the Times (DOTT) Cornwall, students and staff have engaged in numerous community-based co-design projects with aims that include promoting social inclusion and community partnership working.

The University College’s Equality Engagement and Development Manager recently became an “ambassador” for the National Coordinating Centre for Public Engagement (NCCPE). In December 2010 the University College will sign the NCCPE Manifesto, committing to focus on contributing to positive social change and the “public good”. Activity in this area addresses social inclusion and community cohesion, with clear connections to equality outcomes.

The University College’s students continue to work with a range of community organisations, either as volunteers (through the Student Union Community Action group), or within their studies. In 2009/10 these included the Cornwall Respect Festival, Cornwall Racial Equality Council and student projects focusing, for example, on Gypsy/Traveller groups, mental health, migrant workers and inclusive product design.

The University College approved a Fairtrade Policy and will receive Fairtrade University status in 2010/11.

Summary of the structure of corporate governance of University College Falmouth

Summary of the structure of corporate governance

The University College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University College has applied the principles set out in the Combined Code on Corporate Governance (March 2003). Its purpose is to help the reader of the accounts understand how the principles have been applied.

The University College's Board of Governors (the Board) comprises independent, co-opted, staff and student members and the Rector & Chief Executive, all appointed under the Instrument and Articles of Government. The majority of Governors are independent non-executive members and the role of the Chair is separate from the role of the Rector & Chief Executive.

The matters specifically reserved for decisions by the Board are set out in the Articles of Government, the University College's Financial Regulations and the Financial Memorandum with the Higher Education Funding Council for England (HEFCE). Minor amendments to the Articles of Government were approved by the Board at its July 2010 meeting and are awaiting Privy Council approval. The Board has responsibility, inter alia, for the University College's strategic direction, its educational character and mission, the effective and efficient use of resources, and for safeguarding its assets. The Board approves all major developments and receives regular reports from Executive Officers on operational matters and the business of its subsidiary and related companies. The Board's operating practices comply with the provisions of the Committee of University Chairmen's (CUC) 'Guide for Members of Higher Education Governing Bodies in the UK'.

The Board and its sub-committees (Finance, Personnel, Audit, Nominations, and Remuneration) normally meet at least three times a year (with the exception of Nominations and Remuneration, which have one formally scheduled meeting annually). The membership of the Board's sub-committees is drawn from the Board's Independent members and the Rector & Chief Executive. Sub-committees have the authority to draw on external advisers as and when appropriate.

Nominations for Board vacancies are managed and considered by the Nominations Committee, prior to appointment by the full Board. Nominations for new members of the Board are considered by the Nominations Committee against a matrix of experience and expertise (which is regularly reviewed). This ensures that the Board maintains the balance of experience and expertise necessary to meet its current and future responsibilities and obligations. Appointments to the Board are limited to two four-year terms for Independent members and two two-year terms for other categories of membership (with the exception of the Rector & Chief Executive).

All members of the Board and Executive officers are required to disclose any related party transactions and disclose any interests on the University College's Register of Interests, which is updated annually and held by the Secretary to the Board. A Gift and Hospitality Register is also held by the Secretary.

The Finance Committee recommends to the Board the University College's revenue and capital budgets and monitors performance in relation to the approved budgets. It also monitors development projects and related strategies on behalf of the Board. The Committee reviews the financial statements and approves financial policies and recommends their approval to the Board.

The Audit Committee considers the audit findings of the external auditors and internal audit reports and recommendations for the improvement of the University College's system of internal control and operations with respect to value for money. The external and internal auditors attend meetings at which their reports are discussed. The committee also plays a key role in monitoring and reporting to the full Board on the Risk Management Strategy (see below) and reviews new and revised financial regulations. Whilst Executive Officers attend meetings of the Audit Committee as necessary, they are not members of the Committee and once a year the Committee meets the external and internal auditors on their own for independent discussions. Annually the Audit Committee reports to the full Board on their work and their assessment of internal control within the University College.

The Board nominates the University College's three Directors, from its senior management Directorate, to the Board of Tremough Campus Services Group (TCSG) and its subsidiary company Tremough Development Vehicle Limited (TDV) (TCS/TDV constitute the Joint Venture Companies with UoE). The University College's main Board and relevant sub-committees receive regular reports on the performance and internal control arrangements of these joint venture companies.

A new executive management structure was implemented from 1 September 2009 following the appointment of the new Rector & Chief Executive. Under the new structure the Directorate meets fortnightly, and advises the Rector & Chief Executive and oversees the management of academic and operational areas. The wider senior management team, constituted as the Management Board, meets monthly and provides a forum for developing policy and is responsible for the delivery of strategic and operational priorities. The Management Board had quarterly meetings to oversee the implementation of the University College's risk management strategy. This was changed during the year and now the Management Board considers risk as part of its formal agenda on a quarterly cycle. The University College's Planning and Market Analyst is responsible for providing support to the Management Board on risk management and KPIs. This dedicated professional support has had a very positive impact on the strategic decision and planning processes.

The main Board has approved a process for determining and reviewing high level Key Performance Indicators (KPIs), consistent with its responsibility to monitor University College performance against plans and approved KPIs which, where possible and appropriate, are benchmarked against other institutions. KPIs aligned with the themes and aims in the University College's new Strategic Plan (approved and submitted to HEFCE in July 2008) are monitored by the Audit Committee and the main Board and cover: sustainability, equality and diversity, partnership, the student experience, academic excellence, and business and the community. The University College will review its Strategic Plan in 2010/11 and submit a revised edition to the Funding Council in 2011.

Statement of internal control

As the governing body of the University College, the Board of Governors has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which they are responsible, in accordance with the responsibilities assigned to the governing body in the Instrument and Articles of Government and the Financial Memorandum with the HEFCE.

The Board's review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the institution who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The system of internal control is designed to manage rather than eliminate the 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 systematically identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. The institution has an internal audit service, which operates to standards defined in the HEFCE Audit Code of Practice. The internal auditors, whose work is determined by the University College's risk priorities, submit regular reports to the Audit Committee which include their independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.

Summary of the structure of corporate governance of University College Falmouth

Over the course of the last year the following specific actions have been undertaken to consolidate the risk management work within the University College:

- The Audit Committee reviewed progress on risk management at its meetings during the year.

  Following receipt of the internal auditors' opinion, it reported at the year end to the Board on the effectiveness of the policy. The Audit Committee also received the annual internal audit report for Tremough Campus Services, the joint venture company with the University of Exeter.

  The Internal Auditors' programme of work concentrated on high level strategic risks including the post merger risks, identified by the University College in relation to its Strategic Objectives. This assisted the Audit Committee in focusing their attention and discussions on the critical issues and received assurances on them as appropriate.

- The Management Board met on a quarterly basis to review institutional risk in relation to the University College's Strategic Plan. The Planning and Market Intelligence Analyst supports the risk work within the institution.

- The Risk policy was reviewed as part of the University College's management structure introduced in 2009/10 and the new academic structure.

- The Management Board spent time considering how key performance indicators would be used to monitor risk and a traffic light system of key health indicators (KHI), following CUC guidance, was considered by the Board.

- All new significant proposals and projects are subject to a risk assessment. This includes all capital projects, the Academy for Innovation and Research and the Tremough Innovation Centre.

- As part of the programme of assurance within the Tremough joint venture, a strategic health check of the partnership's challenging capital development programme was completed by an independent specialist consultant with extensive experience of major national projects.

The Board is of the view that there is an ongoing process for identifying, evaluating and managing the University College's significant risks, that it has been in place for the year ended 31 July 2010 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Audit Committee on behalf of the Board and that it accords with the control guidance for Directors on the Combined Code as deemed appropriate for higher education. The Audit Committee will be subject to an effectiveness review in 2010/11.

The Board has continued to develop its traffic light system of reporting for monitoring University College performance using high level KPIs and sector benchmarking information.

The Board recognises that risk management must however involve continuous improvement. Furthermore there needs to be an ongoing process of inducting new managers and Governors to ensure risk management practice is embedded into the culture and workings of the University College in a sustainable way.

Over the coming year the following additional activities are planned to build upon existing practice:

1. Workshops will be held at all campuses to consolidate risk management practice at School and Departmental level in line with the revised risk management policy.

2. Communications of risk management across the institution will be enhanced through the use of the local area network.

3 The traffic light system for key performance indicators will be refined and KPIs for supporting strategies agreed upon in addition to strategic corporate KPIs.

4 The Planning and Market Intelligence Analyst will continue to support risk management and KPI reporting and communication. This will help to raise the importance of risk management. This is especially important at a time of economic uncertainty.

Summary of the structure of corporate governance of University College Falmouth

Membership of the Board of Governors serving during 2009/10

	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served
Mr J Williams	01.09.04	2nd term	31.08.12	Independent Member	Board of Governors (Chair); Remuneration Committee (Chair); Nominations Committee (Chair); Finance Committee; Personnel Committee
Mr B Coode	01.09.04	2nd term	31.08.12	Independent Member	Audit Committee
Mr R Dillon	01.09.08	1st term	31.03.12	Independent Member	Finance Committee
Mrs L Dorrien-Smith	01.09.08	1st term	31.07.12	Independent Member	Personnel Committee
Ms A Fullerton	01.09.04	2nd term	31.08.12	Independent Member	Audit Committee
Mr M Hedley	01.09.08	1st term	31.07.12	Independent Member	Nominations Committee; Finance Committee
Mr H Jacobs	01.09.05	2nd term	31.08.13	Independent Member	Personnel Committee (Chair); Remuneration Committee
Dame Mary Keegan	01.09.07	1st term	31.08.11	Independent Member	Audit Committee (Chair); Remuneration Committee
Mr J Lilley	01.09.06	1st term	31.08.10	Independent Member	Personnel Committee
Dr P McGovern	01.09.08	1st term	31.08.10	Co-opted Member	
Dame Janet Ritterman	06.04.08	1st term	05.04.12	Independent Member	Nominations Committee
Mr M Sagin	01.09.02	2nd term	31.08.09	Independent Member	Audit Committee; Remuneration Committee
Mr A Stuart	01.09.09	1st term	31.08.13	Independent Member	Audit Committee
Mr T Van Oss	22.07.07	1st term	31.08.11	Independent Member	Finance Committee (Chair); Remuneration Committee
Prof. A Carlisle	01.09.09	n/a	n/a	Rector & Chief Executive	Audit Committee; Remuneration Committee; Nominations Committee; Personnel Committee; Finance Committee
Prof. A Livingston	n/a	n/a	31.08.09	Rector	Remuneration Committee; Nominations Committee; Personnel Committee; Finance Committee
Mr A Barnes	31.08.08	2 years	31.12.10	Staff Governor	
Ms S Gray	31.08.08	2nd term	31.08.10	SU President (DCA)	
Mr N Kingcome	31.08.08	2 years	31.12.10	Staff Governor	
Ms C Scott	31.08.08	2 years	31.08.10	Staff Governor	
Mr T Worthington	31.08.09	1 year	31.08.10	SU President	
Mr M Venning	31.08.06	2nd term	31.08.10	Academic Board Rep	

In attendance

Mrs K Coombs	Director of Personnel	Personnel Committee
Mr R Holmes	Deputy Director of Finance	Audit Committee; Finance Committee
Mrs N Lamond	Director of Finance & Resources	Audit Committee; Finance Committee; Board of Governors
Mr A Schorah	Secretary and Registrar to the Board of Governors	Secretary to: Board of Governors; Personnel; Nominations; Audit Committee; Finance Committee
Prof G Smith	Deputy Rector	Nominations Committee
Dr A Upton	Pro Rector	Board of Governors

Statement of responsibilities of the Board of Governors

In accordance with the Education Reform Act 1988, the Board of Governors of University College Falmouth is responsible for the administration and management of the affairs of the University College including ensuring an effective system of internal control and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University College and enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Board of Governors of University College Falmouth, the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the surplus or deficit and cash flows for that year.

In preparing those financial statements, the Board of Governors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University College will continue in operation. The Board of Governors is satisfied that the University College has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Governors has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England, (HEFCE) are used only for the purposes for which they have been given and are in accordance with the Financial Memorandum with HEFCE and any other conditions which HEFCE may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University College and to prevent and detect frauds and other irregularities;
- secure the economical, efficient and effective management of the University College's resources and expenditure.

The key elements of the University College’s system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments.
- a comprehensive medium and short-term planning process, supported by detailed annual income, expenditure, capital and cashflow budgets.

- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Governors.
- comprehensive financial regulations, detailing financial controls and procedures, approved by the Audit and Finance Committees.
- robust systems for the monitoring of actual income and expenditure against budgets.
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Governors and whose head provides the Board of Governors with a report on internal audit activity within the University College and an opinion on the adequacy and effectiveness of the University College's system of internal control, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

A S Schorah
Registrar & Secretary to the Board of Governors

26 November 2010

Independent auditors' report to the governing body of University College Falmouth
We have audited the University College's financial statements for the year ended 31 July 2010 which comprise the Statement of Principal Accounting Policies, Consolidated Income and Expenditure Account, Note of Consolidated Historical Cost Surpluses and Deficits, Statement of Consolidated Total Recognised Gains and Losses, Consolidated Balance Sheet, Balance Sheet, Consolidated Cash Flow Statement and related notes 1 to 32. The financial statements have been prepared on the basis of the accounting policies set out therein.

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

Respective Responsibilities of the Council and Auditors
The Board of Governors' responsibilities for preparing the Operating and Financial Review and the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 20.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University College have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England. We also report to you whether in our opinion the Operating and Financial Review is not consistent with the financial statements.

In addition we report to you if, in our opinion, the University College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.
We read the Operating and Financial Review and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the University College's Board of Governors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group and University College's circumstances, consistently applied and adequately disclosed.

Independent auditors' report to the
Board of Governors of
University College Falmouth

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group and the University College's affairs as at 31 July 2010 and of the Group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- in all material respects, income from the Higher Education Funding Council for England and income for specific purposes and from other restricted funds administered by the University College during the year ended 31 July 2010 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2010 has been applied in accordance with the University College's statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England.

E Holiday

E Holiday (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Longbridge Road
Plymouth
Devon
PL6 8LT

30th November 2010

Consolidated income and expenditure account for the year ended 31 July 2010

	Note	£ (000)	Year to 31/7/10 £ (000)	£ (000)	Year to 31/7/09 £ (000)
Income					
Funding body grants	***2***		16,824		15,563
Tuition fees and education contracts	***3***		10,849		9,449
Research grants and contracts	***4***		89		23
Other income (including share of joint venture)	***5***		11,277		10,510
Endowment and investment income	***6***		22		87
Total income			39,061		35,632
Less: share of income from joint venture	***13***		(5,381)		(4,591)
Net income			33,680		31,041
Expenditure					
Staff costs		18,901		17,377	
-exceptional pension credit		(987)		-	
	7		17,914		17,377
Other operating expenses	***8***		11,610		10,659
Depreciation			2,513		2,486
Interest and other finance costs	***9***		248		71
			32,285		30,593
Surplus after depreciation of fixed assets at valuation and before tax			1,395		448
Share of operating profits/(losses) in joint venture	***13***		143		(314)
Surplus before profit on disposal of assets			1,538		134
Profit on disposal of assets			90		-
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and before and after tax			1,628		134

The exceptional pension credit relates to the change of inflation rate for pension increases from RPI to CPI as detailed in note 7.

All income relates to continuing operations.

The notes on pages 28 to 49 form an integral part of the financial statements.

University College Falmouth
Note of historical cost surpluses and deficits and
Statement of total recognised gains and losses
for the year ended 31 July 2010

Note of consolidated historical cost surpluses and deficits for the year ended 31 July 2010

	Year to 31/7/10 £ (000)	Year to 31/7/09 £ (000)
Surplus on continuing operations before taxation	1,628	134
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	307	307
Historical cost surplus for the year before and after taxation	1,935	441

Statement of consolidated total recognised gains and losses for the year ended 31 July 2010

	Year to 31/7/10 £ (000)	Year to 31/7/09 £ (000)
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and taxation	1,628	134
Realised deficit on revaluation of fixed assets	-	(517)
Movement on endowment assets (see Note 14)	(4)	(4)
Movement on deferred capital grants	11,005	3,511
Actuarial loss in respect of pension scheme	(421)	(3,561)
Share of joint venture actuarial (loss)/gain in respect of pension scheme	(18)	(156)
Total recognised gains/(losses) since last report	12,190	(593)

Reconciliation	
Opening funds	65,615
Total recognised gains for the year	12,190
Closing funds	77,805

University College Falmouth
Balance sheets
as at 31 July 2010

Balance sheets as at 31 July 2010

		Group		University College	
		2010	2009	2010	2009
	Note	£ (000)	£ (000)	£ (000)	£ (000)
Fixed Assets					
Benefit arising from the acquisition of Dartington College of Arts	***12***	(69)	(118)	(69)	(118)
Tangible assets	***11***	80,011	68,459	79,987	68,414
Investment in subsidiary undertakings	***13***	-	-	1	1
Interest in joint venture					
Share of gross assets		30,516	28,535	-	-
Share of gross liabilities		(28,941)	(27,085)	-	-
Interest in joint venture	***13***	1,575	1,450	-	-
		81,517	69,791	79,919	68,297
Endowment Assets	***14***	48	52	48	52
		81,565	69,843	79,967	68,349
Current Assets					
Stock		28	25	28	25
Debtors	***15***	6,479	5,352	6,489	5,391
Cash at bank and in hand		4,521	3,011	4,485	2,949
		11,028	8,388	11,002	8,365
Less: Creditors - amounts falling due within one year	***16***	(7,643)	(6,373)	(7,621)	(6,337)
Net current assets		3,385	2,015	3,381	2,028
Total assets less current liabilities		84,950	71,858	83,348	70,377
Less: Creditors - amounts falling due after more than one year	***17***	(805)	(776)	(805)	(776)
Less: Provisions for liabilities	***18***	(1,814)	(707)	(1,814)	(707)
Net assets excluding pension liability		82,331	70,375	80,729	68,894
Net pension liability		(4,526)	(4,760)	(4,526)	(4,760)
Net assets including pension liability		77,805	65,615	76,203	64,134
Deferred capital grants	***19***	55,109	44,104	55,109	44,104
Endowment funds	***14***	48	52	48	52
Reserves					
Income and expenditure account excluding pension reserve		8,080	6,818	9,521	8,442
Pension reserve		(4,526)	(4,760)	(4,526)	(4,760)
Income and expenditure account including pension reserve	***21***	3,554	2,058	4,995	3,682
Revaluation reserve	***20***	19,094	19,401	16,051	16,296
Total funds		77,805	65,615	76,203	64,134

The notes on pages 28 to 49 form an integral part of the financial statements.

The financial statements on pages 24 to 49 were approved by the Board of Governors on 26 November 2010 and signed on its behalf by

James Williams
Chair of Governors

Professor A Carlisle
Rector

Consolidated cashflow statement for the year ended 31 July 2010

		Year to 31/7/10 £ (000)		Year to 31/7/09 £ (000)
Net cash inflow from operating activities (see Note 22)		778		1,877
Returns on investments and servicing of finance				
Interest received	22		87	
Other interest paid	(6)		(19)	
Net cash inflow from returns on investments and servicing of finance		16		68
Capital expenditure and financial investment				
Payments to acquire tangible assets	(12,823)		(5,748)	
Receipts from sale of tangible assets	170		3	
Deferred capital grants received	13,151		3,972	
Net cash inflow/(outflow) from capital expenditure		498		(1,773)
Financing				
Bank loan repayments in year	(64)		(55)	
Loan repayments from joint venture	296		194	
Net cash inflow from financing		232		139
Increase in cash in the year (see Note 23)		1,524		311

Reconciliation of net cashflow to movement in net funds		
Increase in cash in the year	1,524	311
Cash inflow from loan to joint venture	(296)	(194)
Cash outflow from bank loan repayment	64	55
Movement in net funds in the period	1,292	172
Net funds at 1 August	2,502	2,330
Net funds at 31 July	3,794	2,502

Notes to the consolidated financial statements for the year ended 31 July 2010

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 2007 and in accordance with applicable Accounting Standards.

The Board of Governors, through the Finance Committee, has reviewed the University College's accounting policies and estimation techniques, as required in FRS18 Accounting Policies, and they consider that they are the most appropriate for the Group.

Basis of accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of certain fixed assets.

Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates. Resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Repairs and maintenance

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

Investments

Fixed asset investments are included in the balance sheet at market value. Increases/decreases in value arising on the revaluation of fixed asset investments are carried to the revaluation reserve. Where permanent diminution in value of an asset occurs, the excess will be charged to the income and expenditure account to the extent it is not covered by a revaluation surplus.

Endowment asset investments are carried at market value. Such investments held at the previous year-end, and carried at market value at that date, may be sold during the year. This crystallises the value and any difference between the opening market value and the sale proceeds represents a revaluation movement. Consequently the financial statements do not distinguish between the valuation adjustment relating to sales and those relating to continuing holdings as they are together treated as changes in the value of the investment portfolio.

Current asset investments are included at the lower of cost and net realisable value.

Basis of consolidation

The consolidated financial statements include the University College and its subsidiary company, Falmouth Enterprises Limited. However, the Income and expenditure account of the University College alone is not materially different to the consolidated position because the subsidiary is significantly smaller than the University College itself and, in accordance with FRS 2, is therefore not attached to the Group Accounts.

The 50% holding in the Tremough Campus Services Group represents an interest on a long-term basis which is jointly controlled with another party. As such the arrangement is treated as a joint venture and is accounted for using the gross equity method.

The University College's policy is to consolidate the Students' Union only if its operations are material and if the University College, 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 College.

Intra-group sales and profits are eliminated fully on consolidation.

Recognition of income
Income from grants and other services rendered is included to the extent of the completion of the service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Fee income is stated gross and credited to the income and expenditure account 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.

Recurrent grants from the Funding Bodies are recognised in the period in which they are receivable.

Non-recurrent grants from Funding Bodies received in respect of acquisition or construction of fixed assets are treated as Deferred capital grants and amortised in line with depreciation over the life of the assets.

Endowment funds
Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are three main types:

a) 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 institution.
b) Restricted expendable endowments-the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income.
c) 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.

Financial instruments
Cash, Bank and Loan balances are recorded at current values. Interest earned on bank accounts and interest charged on loans are recorded as interest receivable and interest payable respectively in the period to which they relate. Bank charges are recorded as operating expenditure in the period to which they relate.

Pension schemes
Retirement benefits for the employees of the University College are provided by the Teachers' Pension Scheme (TPS) for academic staff and by the Cornwall County Council (CCC) Superannuation Scheme for non-academic staff. These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme.

TPS is a multi-employer scheme and it is not possible to identify the University College's share of the underlying assets and liabilities of the scheme. Therefore, as required by FRS 17 the contributions are charged directly to the income and expenditure account as if the scheme were a defined contribution scheme.

The assets of the CCC scheme are measured using bid value. CCC scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs or income as appropriate. Actuarial gains and losses are recognised in the Statement of total recognised gains and losses.

Enhanced Pensions
The actual cost of any enhanced ongoing pension to a former member of staff is paid by the University College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the University College's Income and expenditure account 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 18 and will be released each year in line with payments made and changes in the assumptions.

Maintenance of premises
The cost of long term and routine corrective maintenance is charged to the Income and expenditure account as incurred.

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 separable net assets at the date of acquisition. Goodwill is amortised over its estimated economic life. Where goodwill and intangible assets are regarded as having limited useful economic lives, they are amortised over those lives up to a maximum of 20 years. Impairment tests are carried out at the end of the first year and thereafter subject to normal periodic reviews for indications of impairment. Where there is impairment in the carrying value of goodwill, the loss is incurred in the results for the period.

Negative goodwill is separately disclosed on the face of the balance sheet in fixed assets and is released to the income and expenditure account. The accounting treatment is set out in the policy note on accounting for business combinations (note 12).

Tangible fixed assets
Land and buildings
Freehold land is not depreciated. Buildings are stated at cost or valuation 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).

In accordance with FRS 15, valuations will be undertaken on land and buildings every five years. The basis of valuation will be at current depreciated replacement cost for specialised buildings and open market value for other buildings. 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 2010. They are not depreciated until they are brought into use.

Where the land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the Income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Fixtures, fittings & equipment
Fixtures, fittings & equipment costing over £5,000 is capitalised with all other fixtures, fittings & equipment being written off to the Income and expenditure account in the year of acquisition.

Capitalised fixtures, fittings and 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

Where the fixtures, fittings and equipment is acquired with the aid of specific grants it is capitalised and depreciated as above with the related grant being credited to a Deferred capital grant account and released to the Income and expenditure account over the expected useful economic life of the related fixtures, fittings and equipment.

Leased assets
Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements that transfer substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the Income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

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.

Taxation status
The University College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Subsidiary companies are liable to corporation tax.

The University College is partially exempt in respect of Value Added Tax, 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 and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Liquid resources
Liquid resources include sums on short-term deposits with recognised banks.

Provisions, contingent liabilities and contingent assets
Provisions are recognised when the University College 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.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.
Contingent assets are disclosed by way of a note, where there is a possible, rather than present, asset arising from a past event.

Agency arrangements
The University College acts as an agent in the collection and payment of Access to Learning Funds. Related payments received from HEFCE and subsequent disbursements to students are excluded from the Income and expenditure account and are shown separately in Note 31, except for the 5% of the grant received which is available to the University College to cover administration costs relating to the grant. The University College employs a fractional member of staff dedicated to the administration of Access to learning fund applications and payments.

Joint venture entities
The institution’s share of income and expenditure in joint venture entities is recognised in the institution’s income and expenditure account in accordance with FRS 9. The gross equity method is used when consolidating joint venture entities in accordance with FRS 9.

Intra-group transactions
Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated. Balances between the institution and its joint ventures are not eliminated; unsettled normal trading transactions are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity; the part relating to the Institution’s share is eliminated.

2 Funding body grants

	31/7/10 £ (000)	31/7/09 £ (000)
HEFCE recurrent grant	13,851	12,864
HEFCE specific grants		
- Strategic Development Fund (Merger)	711	529
- Business relations (HEIF)/ECIF	629	538
- Other	26	179
HEFCE deferred capital grants released in year		
- Buildings	282	282
- Equipment	846	709
LSC recurrent grant	479	462
	16,824	15,563

3 Tuition fees and education contracts

	31/7/10 £ (000)	31/7/09 £ (000)
Full-time students	9,283	8,069
Full-time students charged overseas fees	1,098	1,056
Part-time students	313	210
FE fees and other charges	155	114
	10,849	9,449

4 Research grants and contracts

	31/7/10 £ (000)	31/7/09 £ (000)
Other contracts	89	23

5 Other income (including share of Joint venture)

	31/7/10 £ (000)	31/7/09 £ (000)
Other income generating activities	708	551
Residences and catering operations	3,617	3,014
Other income (including European grants)	4,027	3,972
Negative goodwill released on acquisition	49	112
Recharges for the provision of combined services	1,656	1,586
Deferred capital grants	766	824
Other income (CUC pooled funds)	454	451
	11,277	10,510

6 Endowment and investment income

	31/7/10 £ (000)	31/7/09 £ (000)
Bank deposit interest	22	87

7 Staff costs

	31/7/10	**31/7/09**
	£ (000)	**£ (000)**
Wages and salaries	15,892	14,906
Social security costs	1,166	1,016
Other pension costs (including FRS17 adjustments)	1,843	1,455
Exceptional pension credit *	(987)	-
	17,914	17,377

* The government has announced that it plans to increase future pensions in line with the Consumer Price Index (CPI) rather than the Retail Price Index (RPI). This change will affect all pension benefits earned to date (and future benefits) and has been accounted for as a “past service gain” in the Income & Expenditure Account.

In its June 2010 budget, the government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The University College has considered the LGPS scheme rules and associated members’ literature and has concluded that this change is a change in benefits and so has recognised the resulting credit in the Income & Expenditure account. At the date of these financial statements, the Urgent Issues Task Force (UITF) is in the process of consulting widely on the accounting treatment for this change and is expected to issue an Abstract towards the end of 2010. Should the Abstract call for a different accounting treatment it may be necessary to reflect any change as a prior period adjustment in the financial statements for the following year.

	£	£
Emoluments of the Rector (inclusive of all benefits)	196,292	204,118
Pension contributions	22,619	23,011
Payment in lieu of pension enhancement	-	188,000
	218,911	415,129
Lump sums and enhancements to senior postholders	-	188,000

A payment in lieu of pension was accrued in the accounts for the year ended 31 July 2009 in respect of the former Rector who left on 31 August 2009. Payment of this enhancement was made in 2009/10 and amounted to £212,000 including employer’s costs.

Remuneration of higher paid staff (excluding employer’s pension contributions):		
£120,000 - £129,999 pa	1	-
£190,000 - £199,999 pa	1	-
£200,000- £209,999 pa	-	1

Average staff numbers (FTEs) by major category:		
Academic departments	210	210
Research & enterprise	19	21
Academic support services	84	85
Administration	99	95
Premises	29	26
Other income generation	1	2
Residences and catering	-	4
CUC Central	6	7
	448	450

Governors acting as Trustees

No governor has received any remuneration /waived payments from the group during the year (2009: none).

The total expenses paid to or on behalf of 11 governors was £4,711 (2008/09: £4,953 paid to ten governors). This represents travel and subsistence expenses incurred in attending Board of Governors, committee meetings and charity events in their official capacity.

8 Other operating expenses

	31/7/10	31/7/09
	£ (000)	£ (000)
Teaching materials and expenses	1,538	1,570
Library and learning resource costs	436	358
IT support costs	622	518
Recruitment and restructuring costs	806	275
Research costs	193	85
Auditors remuneration - external audit fees	27	27
Auditors remuneration - non-audit fees	-	8
Auditors remuneration - internal audit fees	26	37
Administrative expenses	1,996	1,918
CUC central costs	139	147
Advertising and promotional expenses	899	969
Examination fees	9	13
Bursaries payable	1,181	983
Business Relations costs	464	106
Heat, light, rates and water	838	886
Repairs and maintenance to premises	1,398	1,761
Inter-campus transport	179	125
Rents and property leases	282	259
Other income generation costs	577	614
	11,610	10,659

The restructuring costs included above relate to relocation and redundancy costs arising from the closure of the Dartington campus.

9 Interest and other finance costs

	31/7/10	31/7/09
	£ (000)	£ (000)
On bank loans not wholly repayable within five years	6	19
Pension finance costs	242	52
	248	71

10 Analysis of 2009/10 expenditure by activity

	Staff costs £ (000)	Other operating expenses £ (000)	Depreciation £ (000)	Interest payable £ (000)	2009/10 Total £ (000)	2008/09 Total £ (000)
Academic departments	9,519	1,488	213	-	11,220	10,604
Academic support services	2,558	1,222	807	-	4,587	4,330
Research grants & contracts	626	202	-	-	828	489
Residences and catering	137	471	-	-	608	763
Premises	720	2,876	1,343	248	5,187	5,049
Administration & central services	3,525	4,643	144	-	8,312	8,269
Other services	528	569	6	-	1,103	676
Other expenses (including CUC)	301	139	-	-	440	413
Total	17,914	11,610	2,513	248	32,285	30,593

The depreciation charge has been funded by:

Deferred capital grants	1,894
Revaluation reserve release	245
General income	374
	2,513

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 2009	4,370	68,077	8,712	81,159
Additions	13,089	63	993	14,145
Transfers	(150)	-	150	-
Disposals	-	(75)	(155)	(230)
C/f as at 31 July 2010	17,309	68,065	9,700	95,074
Depreciation				
B/f as at 1 August 2009	-	6,377	6,323	12,700
Charge for the year	-	1,170	1,343	2,513
Depreciation on disposals	-	-	(150)	(150)
C/f as at 31 July 2010	-	7,547	7,516	15,063
Net book value				
As at 31 July 2009	4,370	61,700	2,389	68,459
As at 31 July 2010	17,309	60,518	2,184	80,011
University College				
Cost or valuation				
B/f as at 1 August 2009	4,370	68,148	8,370	80,888
Additions	13,089	84	993	14,166
Transfers	(150)	-	150	-
Disposals	-	(75)	(155)	(230)
C/f as at 31 July 2010	17,309	68,157	9,358	94,824
Depreciation				
B/f as at 1 August 2009	-	6,383	6,091	12,474
Charge for the year	-	1,170	1,343	2,513
Depreciation on disposals	-	-	(150)	(150)
C/f as at 31 July 2010	-	7,553	7,284	14,837
Net Book Value				
As at 31 July 2009	4,370	61,765	2,279	68,414
As at 31 July 2010	17,309	60,604	2,074	79,987

Assets in the course of construction represent the University College's share of the Convergence projects at Tremough.

All major works have been built with the aid of grant funding shown in Note 19 below. The grant from South West of England Regional Development Agency (SWRDA) has been awarded with the condition that a charge on the property has been given to the Agency and a restrictive covenant on future use agreed. This covenant was discharged on 28 November 2007.

11 Fixed asset schedule (continued)

In accordance with the University College's policy to revalue assets on a regular basis, land and buildings were professionally valued on the basis of depreciated replacement cost by Alder King, Chartered Surveyors, Newham Road, Truro on 31 July 2007. The historical cost of land and buildings would show a net book value of £46m at the year end. The open market value of land and buildings carried at valuation was £43m.

The Board have reviewed the valuation of assets and are satisfied that these remain appropriate.

12 Benefit arising from the acquisition of Dartington College of Arts (negative goodwill)

The Institution undertook a business combination with Dartington College of Arts on 6 April 2008. The business combination was treated as an acquisition and accounted for by the "acquisition method of accounting" in order to comply with the requirements of FRS 6, Acquisitions and Mergers. Fair values are attributed to the net separable assets and liabilities. The benefit, arising as a consequence of no consideration having been paid by the Institution for the net value of the assets acquired, is included in the consolidated balance sheet as a deduction from tangible and intangible assets. The fair value of the benefit is released to the income and expenditure account over the periods in which the non-monetary assets are recovered, whether through depreciation or disposals. The release is aligned with the corresponding depreciation charge relating to the assets, which is on a straight line basis over 10 years for instruments and two years for other assets.

Fair value	**£ (000)**
B/f as at 1 August 2009	(502)
Adjustment to valuation	-
C/f as at 31 July 2010	(502)
Released to income and expenditure account	
B/f as at 1 August 2009	384
Release for the year	49
C/f as at 31 July 2010	433
Net book value	
At 31 July 2009	(118)
At 31 July 2010	(69)

	Book value £ (000)	**Revaluation £ (000)**	**Fair value on acquisition £ (000)**	**Negative goodwill on acquisition £ (000)**
Fixed assets	-	335	335	(335)
Debtors	897	-	897	(897)
Endowments and investments	562	-	562	(562)
Bank and cash	106	-	106	(106)
Creditors	(1,398)	-	(1,398)	1,398
Total	167	335	502	(502)

13 Investment asset and interest in joint venture

	Group		University College	
	2010	**2009**	**2010**	**2009**
	£ (000)	**£ (000)**	**£ (000)**	**£ (000)**
Investment in subsidiary companies	-	-	1	1
Interest in joint venture company	-	-	-	-
	-	-	1	1

The University College owns 100% of the issued share capital of Falmouth Enterprises Limited. The principal activity of Falmouth Enterprises Limited is the provision of services to businesses which include the use of the Media, Photography and Design Centres' facilities and staff expertise.

The University College also owns 50% of Tremough Campus Services (TCS); a company limited by guarantee which in turn owns 100% of the issued share capital (100 £1 Ordinary Shares) in the Tremough Development Vehicle Ltd (TDV). These joint venture companies with UoE have been established to provide the operational aspects (through TCS) and construction (through TDV) of the main HUB for the Combined Universities in Cornwall project based at the Tremough campus in Penryn.

In accordance with FRS9 Accounting for Associates and Joint Ventures, the Group is required to disclose its share of assets and liabilities in TCS. As at the year end these were as follows:

	2010	**2009**
	£ (000)	**£ (000)**
Share of fixed assets	27,873	27,697
Share of current assets	2,643	838
Share of current liabilities	(2,920)	(2,077)
Share of long-term liabilities	(25,896)	(24,864)
Share of pension liability	(125)	(144)
	1,575	1,450
Share of income	5,381	4,591
Share of profit/(loss) before tax	143	(314)
Share of tax payable	-	-
Share of profit/(loss) after tax	143	(314)

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

14 Endowment assets

	Group and University College	
	2010	**2009**
Permanent and expendable endowments	**£ (000)**	**£ (000)**
Balance brought forward	52	56
Interest earned during the year	-	-
Bursaries awarded	(4)	(4)
Balance carried forward	48	52

Endowment assets relate to two Denis Mitchell sculptures and a Michael Finn painting donated to and held in the University College at valuation and a bequest from the Ferdynand Zweig Memorial Scholarship Fund held as cash in the University College's bank account.

15 Debtors

	Group		University College	
	2010	**2009**	**2010**	**2009**
	£ (000)	**£ (000)**	**£ (000)**	**£ (000)**
HEFCE	750	15	750	15
Fees and charges	132	71	132	71
Trade debtors	271	224	269	218
Prepayments and accrued income	352	240	352	240
ERDF and ESF grants due	3,888	2,764	3,888	2,764
SWRDA grants due	1,101	1,815	1,101	1,815
Amounts owed by group undertakings	-	-	12	45
Sundry debtors	6	32	6	32
Bad debt reserve	(24)	(19)	(24)	(19)
CUC debtors and accrued income	3	101	3	101
	6,479	5,243	6,489	5,282
Due after one year				
Amounts owed by joint venture	-	109	-	109
	6,479	5,352	6,489	5,391

The major debtors reflect timing differences on grants due against construction works from major funders. All capital grants from both European Regional Development Funds and the Regional Development Agency are claimed after the related expenditure has been paid.

Debtors falling due after more than one year include the balance due in respect of a loan to the joint venture company Tremough Campus Services.

16 Creditors – amounts falling due within one year

	Group		University College	
	2010	**2009**	**2010**	**2009**
	£ (000)	**£ (000)**	**£ (000)**	**£ (000)**
Bank loan	63	90	63	90
HEFCE other grants in advance	2,185	3,207	2,185	3,207
Bank overdraft	38	52	38	52
Trade creditors	519	195	519	195
Student deposits	75	69	75	69
Accruals and deferred income	2,355	1,785	2,332	1,749
Social security and other taxation	594	568	594	568
Amounts owed to joint ventures	1,697	140	1,697	140
Other creditors	97	190	98	190
CUC creditors and accrued income	20	77	20	77
	7,643	6,373	7,621	6,337

17 Creditors – amounts falling due after more than one year

	Group and University College	
	2010	**2009**
	£ (000)	**£ (000)**
Bank loan	739	776
Salix Revolving Green Fund	66	-
	805	776

The University College drew down a loan from Lloyds TSB Bank plc of £936k in 2006/07 from a facility of £1.25m, repayable on a quarterly basis over 15 years. Interest will be calculated at 0.2% per annum above the Bank’s Base Rate. The loan was taken out in order to provide finance to the joint venture company Tremough Campus Services (see Note 13) for part of the cost of the construction of new residences. At 31 July 2010 the balance outstanding is £802,000 (2009: £806,000).

17 Creditors – amounts falling due after more than one year (continued)

	Group and University College	
	2010	2009
Amounts repayable on bank loan:	£ (000)	£ (000)
In one year or less	63	90
In more than one year but not more than two years	64	91
In more than two years but not more than five years	194	276
In more than five years	481	409
	802	866

18 Provisions for liabilities

	Enhanced Pension Provision	Relocation costs	Grant clawback	Total
Group & University College	£	£	£	£
Balance at 1 August 2009	707	-	-	707
Transferred from Income and expenditure/capital grants	17	268	863	1,148
Utilised in the year	(41)	-	-	(41)
Balance at 31 July 2010	683	268	863	1,814

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 17 at 31 July 2010. The provision is calculated based on the total capital cost with an allowance for future investment returns in excess of inflation.

The grant clawback relates to a proposed correction by the European Commission (see note 19 below).

Provision has also been made for relocation costs of up to £8,000 less amounts already claimed per employee expected to relocate from Dartington. The number of employees to which the provision relates was 34.

19 Deferred capital grants

Group and University College	HEFCE building grants	HEFCE equipment grants	SWRDA and other grants	European Regional Dev't Fund	Total
	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)
Balance at 1 August 2009	12,940	1,234	8,253	21,677	44,104
Received during the year	2,072	974	2,445	7,408	12,899
Released to Income and Expenditure	(282)	(846)	(149)	(617)	(1,894)
Balance at 31 July 2010	14,730	1,362	10,549	28,468	55,109

Grants received relate to funding for construction costs of the buildings at Tremough. Funds have been awarded through HEFCE, European Regional Development Funds and the South West of England Regional Development Agency.

Grants received are net of a provision for grant clawback (see note 18) which only has a balance sheet impact as the associated grant had yet to be released to the Income and Expenditure Account.

The European Court of Auditors undertook an audit of Phase 2 of funding from the European Union in 2008/09. This audit identified some areas where it was asserted that the procurement processes which utilised these funds were not fully compliant with the European Union

Procurement Regulations. The University College and University of Exeter have contested the alleged clawback and an outcome of the negotiation is awaited. In light of the above, in the year to 31 July 2010, a clawback of £863,000 has been provided for in the financial statements.

20 Revaluation reserve

	Group		University College	
	2010	**2009**	**2010**	**2009**
	£ (000)	**£ (000)**	**£ (000)**	**£ (000)**
Balance brought forward	19,401	20,225	16,296	16,541
Revaluation in year	-	(517)	-	-
Transferred to Income and expenditure account - depreciation	(245)	(245)	(245)	(245)
Share of movement in joint venture's revaluation reserve	(62)	(62)	-	-
	19,094	19,401	16,051	16,296

21 Income and expenditure account

	Group		University College	
	2010	**2009**	**2010**	**2009**
	£ (000)	**£ (000)**	**£ (000)**	**£ (000)**
Retained surplus	2,058	5,333	3,682	6,530
Surplus after depreciation of assets at valuation and tax	1,628	134	1,489	468
Transfer from revaluation reserve	307	307	245	245
Actuarial (loss)/gain on pension liability	(439)	(3,716)	(421)	(3,561)
Retained surplus carried forward	3,554	2,058	4,995	3,682
Represented by:				
Income and expenditure account reserve excluding pension reserve	8,080	6,818	9,521	8,442
Pension reserve	(4,526)	(4,760)	(4,526)	(4,760)
Total	3,554	2,058	4,995	3,682

The surplus for the year comprises the surplus from the University College of £1,466,000, gift aid receivable from Falmouth Enterprises Limited of £23,000 and a share in the surplus of the joint venture of £143,000.

22 Reconciliation of consolidated operating surplus to net cash from operating activities

	Note	**31/7/10**	**31/7/09**
		£ (000)	**£ (000)**
Surplus before tax		1,628	134
Depreciation	**11**	2,513	2,486
Profit on disposal		(90)	-
Amortisation of negative goodwill	**12**	(49)	(49)
Pension costs less contributions payable		(897)	(89)
Deferred capital grants released	**19**	(1,894)	(1,814)
Share of joint venture profit/loss		(143)	314
Investment income	**6**	(22)	(87)
Interest payable	**9**	248	71
(Increase)/Decrease in stocks		(3)	(3)
(Increase)/Decrease in debtors		(1,820)	806
Increase in creditors		200	279
(Decrease)/Increase in provisions		1,107	(171)
Net cash inflow from operating activities		778	1,877

23 Analysis of changes in net funds

	At 1 Aug 2009	Cashflows	At 31 July 2010
	£ (000)	£ (000)	£ (000)
Cash in hand, and at bank	3,011	1,510	4,521
Overdrafts	(52)	14	(38)
	2,959	1,524	4,483
Loan to joint venture	409	(296)	113
Debt due within 1 year	(90)	27	(63)
Debt due after 1 year	(776)	37	(739)
Total	2,502	1,292	3,794

24 Pension schemes

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

	31/7/10	31/7/09
	£ (000)	£ (000)
CC Pension Scheme: Charge to the Income and expenditure account (Note 7)	1,041	754
Teachers Pension Scheme: contributions paid (Note 7)	802	701
Enhanced pension charge/(credit) to Income and expenditure account (Note 18)	17	(131)
	1,860	1,324
Exceptional pension credit	(987)	-
Total pension cost for the year	873	1,324

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 College'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 related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2007 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500m. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240m. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

From 1 January 2007, and as part of the cost sharing agreement between employer and union representatives, the standard contribution rate is 19.75% plus a supplementary contribution rate of 0.75%; a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost sharing agreement will also introduce, for the first time from the 2008 valuation, a 14% cap on employer contributions payable.

The 2006 interim actuarial review, published in June 2007, did not recommend any changes to the contribution rate and concluded, as at 31 March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600m.

25 FRS 17 retirement benefits disclosure

The University College 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 2010 was £1,345k (2009: £1,164k) of which employer's contributions totalled £959k (2009: £811k) and employees' contributions totalled £386k (2009: £353k). The agreed contribution rates for future years are 15.5 per cent for employers and between 5.5 and 7.5 per cent for employees.

The actuarial valuation of the scheme at 31 March 2007 showed a deficit of £132m. Employers' contribution rates during the year were 15.2% from April 2009 (2009: 15.2% from April 2009, 15.0% to March 2009). Since April 2008 employees have paid tiered contributions and these were between 5.5% and 7.5% (2009: 5.5% to 7.5%).

The following information is based upon a full actuarial valuation of the fund at 31 March 2007 rolled forward to 31 July 2010 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:

	2010 %	2009 %
Rate of increase in salaries	5.4	5.7
Inflation	2.9	3.7
Rate of increase for pensions in payment	2.9	3.7
Discount rate for liabilities	5.4	6.0
Commutation of pensions to lump sums- membership post 1 April 2009	70.0	70.0

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2010	At 31 July 2009
Retiring today		
Males	85.8	84.6
Females	89.1	87.5
Retiring in 20 years		
Males	87.3	85.7
Females	90.7	88.6

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 2010 %	Bid value at 31 July 2010 £(000)	Long-term rate of return expected at 31 July 2009 %	Mid market value at 31 July 2009 £(000)
Equities	7.3	8,037	7.3	5,788
Bonds	4.8	1,629	5.3	1,277
Property	5.3	760	5.3	426
Cash	4.4	434	4.3	1,021
Estimated employers' share of scheme assets		10,860		8,512
Present value of scheme liabilities-Funded		(15,386)		(13,272)
Deficit in the scheme		(4,526)		(4,760)

University College Falmouth 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 2010.

Actual return on assets

	2010 £'000	2009 £'000
Actual return on assets	1,150	(1,119)

Analysis of the amount charged to income and expenditure account

	2010 £(000)	2009 £(000)
Current service cost	979	722
Past service gain	(987)	-
Total operating (credit)/charge	(8)	722

Analysis of pension finance (income)/costs

	2010 £(000)	2009 £(000)
Expected return on pension scheme assets	(592)	(643)
Interest on pension scheme liabilities	834	695
Net cost	242	52

Amount recognised in the statement of total recognised gains and losses (STRGL)

	2010 £(000)	2009 £(000)
Actuarial loss recognised in STRGL in the year	(421)	(3,561)
Cumulative actuarial (loss)/gain recognised in STRGL at 1 August	(2,985)	596
Cumulative actuarial loss recognised in STRGL at 31 July	(3,406)	(2,965)

Asset and Liability Reconciliation

Reconciliation of Liabilities	2010 £'000	2009 £'000
Liabilities at start of period	13,272	9,898
Current service cost	979	722
Interest cost	834	695
Employee contributions	386	353
Actuarial loss	977	1,700
Estimated benefits paid	(145)	(96)
Past Service gains	(987)	-
Losses on curtailments	70	-
Liabilities at end of period	15,386	13,272

Reconciliation of Assets

Assets at start of period	8,512	8,662
Change in asset valuation	-	-
Expected return on assets	592	643
Actuarial gain/(loss)	556	(1,861)
Employer contributions	959	811
Employee contributions	386	353
Estimated benefits paid (net of transfers in)	(145)	(96)
Assets at end of period	10,860	8,512

History of liabilities, assets and experience adjustments

	2010 £(000)	2009 £(000)	2008 £(000)	2007 £(000)	2006 £(000)
Scheme liabilities	(15,386)	(13,272)	(9,898)	(8,319)	(7,939)
Scheme assets	10,860	8,512	8,662	7,936	6,497
Deficit	(4,526)	(4,760)	(1,236)	(383)	(1,442)
Experience adjustments on Scheme liabilities	-	-	(568)	1	(1)
Experience adjustments on Scheme assets	556	(1,861)	(683)	349	397

The 2010, 2009 and 2008 scheme assets are stated at bid value. The 2007 and 2006 scheme assets (and the resulting deficit) have been restated from mid market value to bid value for disclosure purposes only.

26 **Students' Union**

The Students' Union has not been consolidated in the University College's accounts for reasons of materiality and because the University College does not exercise a significant influence over its operations.

27 **Capital commitments**

	Group and University College	
	2010	**2009**
	£ (000)	**£ (000)**
Authorised but not committed	13,750	5,500
Commitments contracted at 31 July 2010	2,063	15,400

Amounts authorised are in respect of works on the Performance Centre, Shared Spaces and infrastructure projects for the Tremough Campus less commitments to date. Commitments then relate to the design, construction and fit-out for this work that had been awarded to contractors at the year end date.

28 **Financial commitments**

At 31 July the University College had annual commitments under non-cancellable operating leases as follows:

	Group and University College	
	2010	**2009**
	£ (000)	**£ (000)**
Land and buildings expiring in one to two years	-	214
Land and buildings expiring in more than five years	28	28

The University College guarantees 50% (£9.3m) of a £18.6m bank loan by Lloyds TSB Bank plc to Tremough Campus Services (TCS), the joint venture company with UoE. Included within this TCS has exercised an option to fix the interest rate.

A further loan of £10m (£12.5m including rolled up interest) was taken out by TCS to fund the construction of 300 new student residences. This loan is for a term of 30 years and 50% is guaranteed by the University College.

In addition during the year TCS continued drawing down a loan for new residences. The facility is for £20.5m for a term of 30 years and 50% is guaranteed by the University College.

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

29 **Related-party transactions**

Due to the nature of the University College's operations and the composition of the Board of Governors (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 College's financial regulations and normal procurement procedures, which require individuals to declare any interest.

The University College has taken advantage of the exemption under FRS 8 not to disclose transactions with subsidiaries that are 100% owned.

The University College holds a 50% share of Tremough Campus Services (TCS), a company limited by guarantee, having no share capital and for which exempt charitable status has been obtained. TCS is a joint venture company owned equally by the University College and UoE.

TCS has been established to operate student and commercial services for the Combined Universities in Cornwall campus at Tremough in Penryn under a combined services agreement and commenced trading in August 2004.

The University College and UoE have continued to guarantee sums of £9.3m and £6.25m each to Lloyds TSB Bank Plc, in respect of the borrowings of £18.6m and £12.5m respectively to TCS. In addition, during the year TCS continued drawing down a loan for new residences. The facility is for £20.5m for a term of 30 years and 50% is guaranteed by the University College.

Tremough Development Vehicle Limited (TDV) is a wholly owned subsidiary of TCS. It has been established to provide the construction of the main campus for the Combined Universities in Cornwall project based at Tremough. TDV will continue to undertake academic related building works on behalf of the University and the University College. The University and the University College receive capital grants that are released to TDV to fund the academic development at the Tremough campus.

During the year TDV continued to contract for the design and construction of Phase 3 of the hub development for the Combined Universities in Cornwall initiative.
TDV has and will contract for the main contracts with third parties and will recover funds from the two members on the basis of an agreed split of costs and usage of space. Phase 3 comprises multiple projects. Joint projects in the year have been split 50/50.

TDV is also contracting for the Performance Centre Building which is funded 100% by the University College and the Environmental and Sustainability Institute which is funded 100% by UoE.
Phases 1 and 2 have been fully completed.

The TCS Group has capital commitments as follows:

	2010 **£ (000)**	**2009** **£ (000)**
Authorised but not committed	47,686	5,141
Commitments contracted at 31 July 2010	2,808	13,775

Amounts authorised are in respect of various Phase 3 projects at Tremough, Penryn less commitments to date in Tremough Development Vehicle Limited. Commitments relate to the construction of the Phase 2A residences together with Phase 3 projects in progress.
Transactions between the University College and TCS (which are all shown on an arms length basis) were as follows:

Tremough Campus Services Group	**Purchases from related parties £ (000)**	**Sales to related parties £ (000)**	**Payments to third parties through joint venture £ (000)**	**Amounts owed to related party £ (000)**	**Amounts owed by related party £ (000)**
2010	2,678	456	13,194	1,697	-
2009	1,910	727	4,330	140	109

29 Related-party transactions (continued)

Balances due to and from the joint venture are shown in Note 15 Debtors and Note 16 Creditors – amounts due within one year. 'Payments to third parties through joint venture' represents amounts paid to contractors for the University College's share of the design and construction of Phases 1, 2 and 3 at the Tremough campus.

30 Access to learning funds

	Year to 31/7/10 £ (000)	Year to 31/7/09 £ (000)
Brought forward	13	34
Funding Council grant	114	118
Institutional grant	51	-
Other funding body grants	4	5
Net interest earned	1	1
	183	158
Disbursed to students	(180)	(145)
Balance unspent	3	13

Funding Council grants are available solely for students: the University College acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and expenditure account.

31 CUC central costs

	Year to 31/7/10 £ (000)	Year to 31/7/09 £ (000)
Income		
ERDF Convergence grant	250	405
Contributions from partner institutions	198	31
European Social Fund	6	8
	454	444
Expenditure		
Staffing	301	266
Office & administration	105	88
Marketing & PR	22	52
Professional fees	26	38
	454	444

CUC central costs relate to pooled costs for the Combined Universities in Cornwall project office which are managed on behalf of the partners by the University College. These amounts are included within the Income and expenditure Notes 2 to 8 above.

32 Post balance sheet events

On 26 November 2010 the consolidated financial statements were authorised for issue by the Governing Body and do not reflect events after this date.