

Petroc

Annual report

for the year ended 31 July 2022

Key Management Personnel, Board of Governors and Professional Advisers

Key Management Personnel

Key management personnel are defined as members of the College Executive Team and were represented by the following in 2021/22:

Sean Mackney	Principal and Chief Executive
Bill Blythe	Vice Principal – Finance, Resources & Regional Affairs
Craig Litster	Interim Vice Principal – Education and Learners
Sheena Murphy-Collett	Vice Principal – People, Organisational Development and Engagement
Rosalind Algar	Assistant Principal - Commercial
Claire Does	Interim Assistant Principal – Performance and Delivery

Board of Governors

A full list of Governors is given on page 18 of these financial statements.

Joanna Boardman acted as Governance Advisor and Head of Executive Office.

Professional Advisers

Statutory Auditors

Mazars LLP
90 Victoria Street
Bristol
BS1 6DP

Internal Auditors

RSM UK Risk Assurance Services
Second Floor
1 The Square
Temple Quay
Bristol
BS1 6DG

Bankers

Lloyds Bank plc
Barclays plc

Solicitors

Clarke Willmott
Eversheds
Mitchell Law
Brewer Harding & Rowe
Wollens

Petroc
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for the year ended 31 July 2022
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Report of the members of the Corporation for the year ended 31 July 2022

The members present their report and the audited financial statements for the year ended 31 July 2022.

Mission

'Excellence through Learning'

At the heart of what the College does, its area of greatest expertise and its typical starting point for developing solutions or making a difference is Learning. That is how it makes a positive difference in the world and how it equips others to do so. Learning is also central to how the College creates the organisational capability to achieve impact – through individual and organisational learning that provides the capability to effect change whatever the change in context.

Excellence sets a high bar for the College's own performance - an excellent institution, benchmarked against the best in England. The College is ambitious and will strive to achieve more. Excellence is also what the College supports others to attain. The College will enable the highest levels of learner achievement and the highest levels of career and life fulfilment, through learning that will stretch and challenge. Excellence is what customers, businesses and other organisations can expect to achieve themselves through working with the College.

Public Value/Benefit Statement

Petroc is committed to driving forward educational success in further and higher education. We will raise the aspirations, knowledge and skills of individuals, communities and business in Devon and beyond.

Petroc will enable the highest levels of learner achievement and the highest levels of career and life fulfilment. Excellence is what customers, businesses and other organisations can expect to achieve themselves through working with the College.

The College sets out its aims and objectives through our strategic plan 'Petroc 2025'.

We are extremely passionate to support, create and sustain businesses through a range of business services. We will support local businesses and entrepreneurs to innovate, exchanging knowledge and promoting the application of best practice in the firms it works with, in addition to the development of skills, education, training and apprenticeships.

In line with strategic economic plans for the wider area, we will continue to play a leading role with partners in working to sustain the health, happiness and prosperity of its communities, through contributing strategically and operationally to the implementation of local and regional plans.

As a significantly sized organisation we will impact on current practices and the growth of the green economy through our connections to employers, learners and communities across the South West. We will establish our commitment to the UN Sustainable Development Goals through our practices and curriculum design.

To achieve this, we aim to continue our effective dialogue and relationships with all stakeholders to plan our delivery to meet the needs of our communities and to ensure that information on the activities and aspirations of the College is made widely available and reported on annually to our communities.

Implementation of Strategic Plan

A Strategic Plan for 2020 to 2025 was adopted by the Board to run from 1 August 2020.

In July 2020 the College updated its Strategic Plan for the period 2020-2025 with five strategic priorities:

- Create outstanding learner achievement in all areas
- Transform life chances and employment prospects for all
- Boost productivity, innovation and agility of businesses and organisations
- Build community and prosperity within North and Mid Devon and the wider South West of England
- Tackle the climate emergency

The College similarly adopted five ways of working:

- Personalised and customer-focused
- Agile and entrepreneurial
- Digitally Able
- Achieving Value for Money
- Continuously learning and improving

The College's financial objectives are to:

- Set ourselves ambitious but achievable financial targets that can support the learners who are with us now whilst creating space for investment in the future. Focussing on the interaction between students and the estate to create a unique environment hosting recreational, academic and social functions, our vision is about encouraging synergy and social behaviour in a space that learners find welcoming.
- Aim for an environment where Information and Learning Technologies are deployed effectively to enable learners, staff and businesses to thrive and succeed. We provide information and support services that are sector-leading with a clear focus on providing an outstanding learner experience.
- We will expect all our staff to own the responsibility for achieving the best value for money. We will be unrelenting in our focus on delivering it. We will achieve economy and efficiency in how the College delivers outcomes and impact, demonstrating effectiveness and equity between those who benefit. We will strive for the highest levels of performance, continually assessing the effectiveness of our methods and adopting a new relationship with data, so that it informs day-to-day changes in search of improved outcomes for all. We prize the value for money we deliver because every pound not saved is a pound not spent on delivering excellence through learning.

Covid-19 virus control measures again affected activities and operations across part of the year and these changes continued to be managed effectively by the Pandemic Advisory Group, Executive Team and the Board of Governors. A member of the Governing body and a student were co-opted onto the pandemic advisory group to support its work.

Stakeholders

The College has many stakeholders including:

- its current, future and past students
- its staff and their trade unions. The main trade unions of which College staff are members of are UCU, NEU and Unison
- the employers it works with
- its funding bodies; ESFA and OfS
- its partner schools across Devon and North Cornwall and universities, namely Plymouth, Bolton and Exeter

- the wider College community
- its local councils, and the Local Enterprise Partnership
- Banks; Lloyds and Barclays

Finances

The College reported an operating deficit of £4,248,000 (2021: deficit of £2,981,000). This includes pension charges of £3,390,000 (2021: £2,770,000), fundamental restructuring costs incurred of £761,000 (2021: £425,000).

The Statement of Comprehensive Income reflects an actuarial gain of £35,276,000 (2021: gain of £233,000) on pension schemes in respect of FRS 102 (28).

Cash and investment balances have decreased by £1,715,000 due to the timing of receipts/payments especially regarding projects and the capital programme, and lower operating position largely due to the restructuring programme.

Looking forward, the College has prepared a financial strategy and forecast for the next five years, the early years of which are based on detailed business plans, but during a time of ongoing uncertainty will require constant review and appropriate action taken to ensure the College's financial health is maintained and strategic objectives are achieved.

Covid-19 continued to negatively impact on the College's commercial activities as Catering (Commercial and Student Restaurant); Lettings; Hair and Beauty; Performing Arts & Music; Gyms; the Centre of Technology and Innovation Excellence and other facilities closed to the General Public for short periods of the year.

With grant income being largely protected the College was able to honour its subcontracting obligations and other core supplier contracts (including exams, licenses etc.) as required under the Public Procurement Notice 02/20.

The Defined Benefit Pension Liability was impacted by positive changes in financial assumptions largely as a result to a change in the discount rate.

Performance Indicators

Key Performance Indicator	Target for 2021/22	FEC' Measures / Expectation	Actual for 2021/22
Operating surplus/deficit as a % of income	0.55%	Greater than 1%	-3.05%
EBITDA as a % of income	6.69%	Greater than 6%	3.63%
Cash generation	£1.044m	n/a	-£172k
Cash days	52	Greater than 25 (all months)	61.30
Adjusted current ratio	1.57	Greater than 1.4	1.45
Borrowing as a % of income	9.62%	n/a	10.47%
Debt Service Cover Ratio	2.44	Greater than 2	-0.40
Reliance on ESFA	Less than 70%	n/a	64%
Financial Health Score	Good	Good/Outstanding	Good
Average Class Size – All Provision / Excludes SLDD, HE, Apprenticeships, Tutorials	14	18	11.1/ 12.2
Staff utilisation	Greater than 95%	Greater than 97%	91.8%
Staff costs as a % of income excluding restructuring, sub-contracting and projects	68.16%	Less than 65%	71.35%

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as achievement rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency (ESFA). The College is assessed by the ESFA as having a "Good" financial health grading. The current rating of Good is considered an acceptable outcome.

Treasury Management Policy

Petroc defines its treasury management activities as:

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

Under Petroc's policy, deposits are restricted to periods not exceeding 12 months with approved institutions only, for amounts up to £3m, and must be authorised by the Vice Principal, Finance, Resources & Regional Affairs. Any bank overdraft or borrowing facilities require the approval of the Governing Body and shall comply with the requirements of the Financial Memorandum/Funding Agreement between Petroc and the Department for Education.

Liquidity

Loans of £8.4m were taken out with repayment of up to twenty seven years with the final repayment dates being 2037 for a £2m loan, £2.8m ending in 2030, £0.6m ending in 2027, and £3m ending in 2017. The outstanding balance at 31 July 2022 is £2.916m. Debt servicing costs for the two years equate to just over £826k; the financial forecast recognises this challenging schedule by balancing the operating and capital expenditure needs of the College with a requirement to make a modest operating surplus and ensuring an ability to service debt repayments.

The net cash outflow from operating activities was £172k (2021: net cash inflow £2,189k).

No external cash-flow support was requested from the ESFA to mitigate the ongoing impact of Covid-19.

Principal Risks and Uncertainties

Petroc's Risk Management Processes and Procedures have undergone significant development over the past two years. This was driven initially by the implementation of the 2020-2025 Strategy, and the creation of the Executive Office Team, who have worked with the Vice-Principal, Finance, Resources & Regional Affairs, to embed best practice methodologies into the College systems.

Both the Strategic and Operational Risk registers have been redeveloped and the risks they include have been linked to the College's strategic plan. Both registers are held online within the MyPetroc system and can be accessed for updating at any time in order to promote a proactive culture for managing risk across the College. The system also prompts risk owners to update risks when they are nearing review date.

New risk scoring matrices were introduced to enhance the risk scoring process, and one-to-one sessions have taken place with staff in order to support the successful implementation of the new systems, and to help embed a positive culture toward risk management within the College.

Risk owners are supported with regular updating of risks, and the risk registers are regularly monitored, and are reported to the Executive, as well as the Audit Committee and the Full Governing Board once a term.

As part of Petroc's drive for continual improvement in regard to its risk management approach, the College participated in the Risk Management Development Strand of the College Collaboration Fund (CCF) earlier this year. This involved working with other colleges, and auditors RSM UK, to create a best practice approach to Risk Management and Board Assurance for Further Education Colleges. This has resulted in further developments being proposed to Petroc's Risk Management Procedures, which will be presented to the Executive and Audit Committee for Approval.

Following the involvement with CCF, a workshop was held with Petroc's Full Governing Board in order to review the College's risk appetite and also to scope out some proposed strategic risks for inclusion on a new strategic risk register. Work on this register is currently taking place and this will be presented to the Audit Committee in November. Following this Committee meeting, RSM UK will deliver a risk management and board assurance workshop to the Full Governing Board, as part of the outcomes of the CCF project.

Recent changes in the political and economic landscape bring with them many risks to the College. The economic depression, cost of living crisis and energy price increases will all have knock on effects for Petroc, whether this be directly through increased financial pressures, impact on staff, or through potential learners choosing to enter employment rather than education. The College will continue to closely monitor the situation, keeping abreast of new government rules and regulations, and working to mitigate the impacts.

Government Funding

The College is managing the ongoing changes that impact on current and future funding, including apprenticeship reforms, the devolution of the adult education budget and Covid-19 regulations alongside the consultations on more radical reform of funding, ONS reclassification and the FE act.

Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme (LGPS) deficit on the College's balance sheet in line with the requirements of FRS 102.

The risk is mitigated by an agreed deficit recovery plan with the Devon County Council LGPS.

Failure to maintain the financial viability of the College

The College's current financial health grade is classified as "Good" as described above. This is largely the consequence of continuing strong financial management. Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on the further education funding arising from the ongoing cuts in public sector spending whilst maintaining the learner experience. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies
- Benchmarking against other similar Colleges

Accommodation Strategy

The College's Estates Strategy was approved in January 2022. The key objective of the estates strategy remains to provide all learners and staff with excellent teaching and learning facilities. The College is committed to operating the estate in a sustainable and efficient manner that will minimise the carbon footprint and enhance the learning experience. The College has retained the "Planet Mark" (an independent award for sustainability and carbon reduction), with a further reduction in its carbon footprint.

During 2021/22 the College completed the refurbishment of the business curriculum area with DfE T Level funding; made some major investment in the Tiverton Campus as well as numerous IT and Equipment purchase for the departments.

Taxation

The College is not liable to be charged for Corporation Tax.

Employment of People with Disabilities

The College continues to be registered as a 'Disability Confident Scheme' employer and this is achieved by the College demonstrating that it is a proactive employer when seeking to employ people with disabilities.

The College actively invites applications for employment from people with disabilities as a routine element of its recruitment and selection procedures; and people who declare a disability and meet the essential criteria for a job role are shortlisted.

The College also actively encourages existing staff to declare a disability, so that appropriate support and reasonable adjustments can be made. In addition, where an existing employee develops a disability, reasonable adjustments, as far as practical, are made to ensure that employment can continue and that these staff are fully supported in their job roles.

The College also supports 'non-visible' disabilities and the College's Wellbeing & Mental Health Strategy and associated action plan strives to facilitate this, with initiatives such as the College becoming a Mindful Employer, which provides the College with easy access to professional workplace mental health training, information and advice; our goal is to help empower organisations – large or small – to take a lead in supporting the mental wellbeing of staff. The College has also signed the AoC Wellbeing & Mental Health charter, supporting all staff with wellbeing and good mental health.

Equality, Diversity and Inclusion (EDI)

Petroc is passionate about the value of people and all that they bring, diversity is welcomed and enriches our organisation.

Petroc is committed to challenging inequality and celebrating diversity to achieve the following vision:

- people achieve their own potential and a good quality of life
- everyone can access our services, facilities or information
- there is customer involvement and influence in decision-making, planning, policy and service delivery
- people have trust and confidence in us to report incidents of abuse or discrimination
- our community, at all levels, is supported and broadly reflects the local diversity

Petroc believes an environment free from discrimination and equality of opportunity are basic rights. The College has a zero tolerance approach to any form of discrimination.

College has signed a LGBTQ (lesbian, gay, bisexual, transgender and questioning) Pledge. We know that it can be difficult to fully be yourself at work, at home, or in your local community. If we want to live in a world where people are accepted without exception, we all need to be part of the solution, that's why Petroc has decided to sign a pledge to support LGBTQ people. We want Petroc to be a safe place to be 'out' at work.

The College's Additional Learning Support Policy outlines the type of learning support that a learner can expect and how they should apply for support.

The College and its staff maintain the confidentiality and integrity of all information about individuals by complying with requirements set out in the General Data Protection Regulations 2018, the Special Educational Needs and Disabilities Regulations 2014, the Special Educational Needs and Disabilities Code of Practice, the Children and Families Act 2014 and the Equality Act 2010.

Performance Indicators

OFSTED inspected the College in March 2012 and we were judged to have 'Outstanding' features and to be 'Good' overall. The College continued to be judged as 'Good' overall following a short inspection in November 2015; and again, in November 2019.

The Board approved thirteen "tier 1" Key Performance Indicators for the College to achieve by 2025 and started work on the lower level indicators to support them.

Key Performance Targets:

- To be ranked in the top 25 General FE Colleges in England in a weighted composite ranking of FE and HE educational performance
- To have one of the 25 smallest gaps between the progress rates of disadvantaged learners and those of College learners as a whole of all General FE Colleges in England
- To be ranked in the top 25 General FE Colleges in England for successful destinations in a weighted composite ranking of FE and HE destinations
- The number of Personal Development Awards achieved by 16-19 learners grows to 7500 per annum
- The number of enterprises created increases to 150 per annum
- The number of organisations that have improved their productivity or business innovation exceeds 500 per annum
- A Strategic and operational contribution is recognised by the Board as having been made in each year of the Strategy
- The number of staff and learner contributing increases by 30% over a baseline established by survey in 2020-21
- The College reduces its production of CO2 equivalent by 420 metric tonnes of Carbon Dioxide
- Establish baseline performance in 2020-21 through audit of practice and measure change each year
- Cash days remain above 60
- To achieve a positive reporting rate of 92% equivalent to the top 10% of performers in externally benchmarked College staff engagement survey
- The proportion of learners and employers reporting positive satisfaction with the College is 90% or above

These remain the key performance targets (KPT) for the College. Progress towards meeting each of the KPTs is monitored throughout the year and reported to Audit Committee and Full Governing Board on a termly basis.

The reporting on some of the KPTs, notably those related to achievement (ranking in the top 25 providers), has been hampered over the past two years as the data required to enable ranking has not been published by the government. This was as a direct result of the impact of COVID19 on the exams procedure which led to the government choosing to refrain from publishing provider-level achievement data, specifically the National Achievement Rates Tables (NARTS).

Similarly, provider-level higher education data from Teaching Excellence Framework (TEF), which was also included as part of the composite index has been halted for the past 2 years and is under review. Additionally, the School Performance Tables did not publish provider-level progress data, or destinations data.

It is currently unknown if provider-level NARTS data will be provided for the 2021/22 academic year. This will be monitored and necessary adjustments will be made in reporting based on the availability of the data.

College closure, due to COVID, also impacted on the progress of a number of other KPTs notably the ability to support new business creation, and support community organisations.

The KPTs have been reported on each term for the past two years and have been RAG rated for Audit Committee and the Full Governing Board to indicate the likelihood of achieving the target. Those that appear to be falling short of the intended target will be discussed by the Executive in November, where plans will be outlined in order to make positive progress going forward.

Value for Money

The College delivers value for money through its Procurement Strategy, managed by a qualified procurement professional.

Student Numbers

We continue to be the primary provider of 16-19 education in Northern Devon. Overall 16-19 learner responsive recruitment remained marginally below area demographics with increasing competition in the West and South from other providers as well as from the two Northern Devon 11-18 Secondary schools.

Curriculum Developments

During 2021 the College underwent a restructure into 5 curriculum areas with a head of faculty responsible for each area. 3 of the Heads of Faculty also operated as a Director for a provision type (Adults, 16-19 and Apprenticeships); alongside the Head of HE Development.

The areas were defined as:

- Academic, Scientific & Digital (including most A levels)
- Creative & Lifestyle Industries
- Construction, Engineering, and Transportation Industries
- Health, Business, Innovation & Enterprise
- Progressive Studies

In January 2022 a new Curriculum Strategy was approved by the Board. The strategy set out the aims and objectives for the curriculum and pedagogy in order to achieve the goals of the College strategy. It explained the operating context and the rationale for change, the aims to pursue and the objectives to implement. It considered the risks associated with the pursuit of the strategy that must be managed and documents the way that its implementation will be monitored. Finally, it described the learner experience of four different learner personas: a 16-19 learner, an adult learner, an employee learner and an HE learner, and the core elements of the experience for each of those learner types.

Through clearly stating the curriculum that the College will create, the curriculum strategy, together with the Petroc 2025 strategy, functions as a strategic reference point to direct the curriculum and pedagogic design, approval, and refresh over the coming four years, and to inform the College estates, people and digital strategies that will deliver changes which will support the character of educational provision set out in the document. It also signalled the Colleges intent to withdraw from non-local distance learning.

The faculties offer programmes from Level 1 to Level 6 at the Barnstaple, Mid Devon and Brannams Campuses as well as online. They continued to seek to develop a broad,

responsive curriculum to suit the needs of our local community and a variety of stakeholder groups. This meant in 2021/22 we again recruited nearly 10,000 learners; this comprised 16-18 year old students, adults on vocational programmes, young and adult apprentices (including at Degree Level) and Higher Education students on full and part-time programmes. We also delivered a number of bespoke full cost programmes aimed specifically at satisfying the requirements of local businesses.

The curriculum range meant it was possible for a learner to enrol on an Entry Level or Level 1 programme and ultimately achieve a full honours degree. The College is particularly proud of the number of learners who have achieved a BA or BSc qualification who initially enrolled upon a Level 2 or Level 3 qualification.

The College continues to place a strong emphasis on working with local business to raise the profile of Petroc and to support social mobility within our communities. The past 12 months has again seen a series of activities aimed at raising the profile of Apprenticeships and giving local employers great access to potential Apprentices.

The College has developed and maintained a number of programmes in partnership with local employers, such as Accord, North Devon Hospital Trust, Torridge District Council, James Electrics and others which has ensured curriculum design is based upon actual business need, these programmes have proved sustainable recruiting students year on year.

In 2021/22 the College continued to offer 23 separate A Levels and a Level 3 Vocational Science programme alongside a range of Access to HE and HE programmes. Approximately 80% of A levels students successfully progress onto their HE institution of choice.

Almost all our HE curriculum is delivered in partnership with the University of Plymouth. The College offers in excess of 20 foundation degree programmes and 5 BA. honours courses. These programmes offer our local community the opportunity to study for a higher education qualification whilst residing in North and Mid Devon. All our programmes have direct progression onto University of Plymouth programmes at undergraduate and post-graduate levels. In addition to levels 4, 5, and 6 we also offer a range of Access to Higher Education programmes, these full and part-time programmes enable over 100 adults every year the opportunity to progress onto degree level study in Science, Social Science, Humanities and Nursing.

As a College we continued to strive towards outstanding outcomes for our staff, students & employers during what was another turbulent year.

Progression both internally and externally remains strong, with outstanding partnerships providing students with exciting, local opportunities to upskill in their chosen sector. Work with North Devon District Hospital (NDDH) provides a range of solutions to enable workforce development & recruitment, from Project Search to Nursing Assistant Practitioners.

Future Prospects

The College aims to maintain a base number of students in funded learning with growth projected again in apprenticeships and new contracts with employers. As set out above, the 16-18 market continues to be competitive in the west and south of our area.

The College would like to reduce dependency on the funding bodies and is seeking opportunities particularly in the areas where the College currently performs well such as with Office for Students and other project grants.

The College is clear that it will be able to continue in operation and meet its liabilities taking account of the current position and principal risks for the duration of the strategic plan and beyond.

Going Concern

Financial Health (as measured by the ESFA) remained "Good" and Bank Covenants were not breached.

Going forward the College will continue to operate prudently to ensure its cash position is not jeopardised and has a strong history of cost-control. Learner Number Growth will be key to ensuring the College can invest in facilities, but the College will ensure that invest to grow plans are carefully evaluated before they are implemented.

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Resources

The College has various resources that it can deploy in pursuit of its strategic objectives.

Tangible resources include the main College site at Old Sticklepath Hill, the leasehold at Brannams and the Tiverton campus.

The College has £3.54m of net assets (including £13.8m pension liability) and long term debt of £2.92m.

The College employs 514 people (expressed as average full time equivalents), of whom 213 (expressed as average full time equivalents) are teaching staff.

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

Student Pass/Achievements

The overall 16–18 years pass rate for A Levels is 97.6%. We do not hold any National Achievement Rates Tables (NARTs) data to show the national average for 2021/2022, this applies nationally. Overall, A*-A grades show 23.2%, A* - B grades 50.5%, A*-C grades 74.2% (information for grading breakdown is provided from analysis internally).

The pass rate for Level 3, all ages (excluding AS and A Level) is 89.1%.

GCSE English Language overall pass rate according to the QAR is 93.9%, with the achievement rate showing at 74.9% overall. This excludes functional skills.

GCSE Maths overall pass rate according to the QAR is 92.2%, with the achievement rate showing at 72.7% overall. This excludes functional skills.

Our final achievement rate for timely completions for apprenticeships is 38.1% overall, with many apprentices still to complete their end point assessment. 16-18 years timely completion stands at 37.5%, a slight increase from the previous year. 19-23 years is showing at 35.8%, 24+ years showing at 40.5%.

The College, through its self-assessment and quality improvement process, continues to set improvement targets in relation to retention and achievement; the aim is to secure outstanding results and ensure learners who attend Petroc to reach their potential in all subjects across all areas. We have taken into account the past two years of disruption

without benchmarks, centre assessment grades and teacher assessment grades. This has impacted on the overall grades shown above.

Staff and Student Involvement

The College supports an active Student Union and maintains communication with students via regular Learner Voice Forums, and various events including theme weeks. The College also consulted its students formally over the Estates direction. The Student Union have been supported in gathering a wide range of opinions from the wider student body in order to bring about improvement to ensure all students receive the very best experience and development of learning and teaching.

The College promotes student involvement by holding student forums where possible each term. These provide an opportunity for all tutor groups, via an elected representative, to have dialogue with the Principal and Chief Executive and Senior Leadership Managers. Feedback on issues raised and how they have been resolved is provided via various communication channels.

Our monthly student newsletter, 'The Vision', provides all learners with updates, information and enrichment opportunities to support engagement within our College community. The Vision includes student written features and supports the empowerment of the Learner Voice. The Petroc Student Union continues to provide financial assistance to learners in receipt of the bursary, where there is an additional need for support.

The College effectively uses 16-18 bursary funds, Learner Support and Free College Meals funds (including for 2021/22 during the academic breaks) to alleviate the financial burden on learners as much as possible, including support for travelling from remote geographical areas outside bus routes, within government guidelines. Petroc has specialist Supported Learning provision within both North and Mid Devon campuses, and aims to promote skills which will lead students into developing employability skills through working in the Liberty Cafe in North Devon and The Exe Cafe in Mid Devon, and progress into supported employment.

The College maintains effective communications via face to face and digital solutions, 1:1s between staff and their line managers, all staff digital "Easi-meets", team meetings, recorded video blogs, a Staff Forum, the Equality, Diversity and Inclusion committee, Safeguarding committee, the management meeting structures, specialist events/conferences, staff development days and training sessions, and various research initiatives, including an annual Scholarly Conference. In addition, "In The Know", a weekly online staff magazine, is a key means for communicating what is happening across the College that staff are invited to contribute to and the College has an e-Message of the Day alert for staff to important activities to note.

The College is keen to celebrate learner and staff success and seizes every opportunity to share such good news across the community. In addition, celebration events, for both students and staff, are held annually.

Petroc is proud to be a member or partner of, and achieved kite marks with the following organisations



Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College

Numbers of employees who were relevant period	FTE employee number
4	3.03

Percentage of time	Number of employees
0%	
1-50%	4
51-99%	
100%	
Total cost of facility time	£19,732
=Total pay bill	£18,305,436
Percentage of total bill spent on facility time	0.11%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
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Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2021 to 31 July 2022, the College paid 84% of its invoices within 30 days (year ended 31 July 2021 – 84%). Every effort is being made to maintain improvement in this area. The College incurred no interest charges in respect of late payment for this period.

Events

COVID continued to affect overseas travel with Entry Requirements for France preventing our first overseas trip from going ahead in January 2022. This was rescheduled to March 2022 and after much re-organising successfully went ahead. The vaccination status still impacts traveling overseas as in some countries all travellers are required to be fully vaccinated. We continue to monitor the entry requirements to ensure our students & staff meet these conditions.

As travelling overseas has become more accessible we have seen issues with delays at the Passport Office which has stopped 3 of our students travelling overseas as they did not receive their passports in time. We have also seen problems with the airline companies, especially British Airways, who have cancelled many of the flights we had booked with them resulting in most of our trips having to be re-organised at short notice.

We sent 9 trips overseas using Erasmus+ European funding with 126 students and 37 staff participating. These included trips to Berlin, Malta, France, and Sweden. Erasmus

+ is being replaced by the UK Government funded Turing scheme and 10 SEND students and 4 staff went to Sweden through this funding. Again, this trip was affected by COVID and BA flight cancellations but after a false start went ahead and was a great success.

Numerous other student trips in the UK went ahead including to London and around the South West Region. Many of our staff have attended events during the year including national conferences and, the South West IoT launch finally went ahead at the House of Lords and was well attended by senior staff and MP's and Ministers.

Projects

The College delivered 28 different projects in 2021/22 with a total value in excess of £14m and an in-year value of just under £5m. The team also provides secretariat and coordination support to Northern Devon Futures, leads on business process and system reviews across the College, manages the operation of the Cotie (Centre of Technology, Innovation and Excellence) at the Barnstaple campus and has provided programme lead support to the Tiverton Transformation programme throughout 2022.

Notable successes during the 2021/22 academic year include securing two Petroc-led projects worth £1.1m in total through the UK Community Renewal Fund (Promoting Innovation & Entrepreneurship and Innovation for Youth & Community); this funding was the precursor to the UK Shared Prosperity Fund, which is the main post-Brexit replacement for European Structural & Investment Funds, and the experience has placed the College in a strong position in terms of future engagement in UKSPF programmes. A grant of £1.6m was secured on behalf of Petroc, Exeter College and South Devon College to implement a wide range of capital and revenue-based measures to reduce the risk of COVID outbreaks and address the emotional and physical well-being impacts of the pandemic across our student and staff bodies. Two capital grants to improve facilities for the teaching of T Levels were secured, totalling in excess of £2m.

The College was also very pleased to secure funding to offer a summer programme of activities for Ukrainian refugee families in both North Devon and Mid Devon, which was very well received, and we hope to be able to continue offering tailored support to Ukrainian families in our area.

Most recently, Petroc has been working closely with the Satellite Applications Catapult and others to secure funding to create an Environmental Living Lab at the North Devon Campus. Whilst currently in the very early stages, this is a very exciting development, working within the North Devon Biosphere Reserve to demonstrate and facilitate the use of cutting-edge technology to improve farming and other practices which have a direct impact on the local environment.

2021/22 saw the welcome return of overseas trips for students through both Erasmus+ and Turing Funding under the umbrella of Petroc Go. This year was our first experience of Turing and whilst the contract was small, a lot of lessons have been learnt which will help inform future funding bids. In total 126 students and 37 staff took part in Petroc Go visiting 4 different European countries across 9 trips.

We were also delighted to be able to offer a full residential NCS (National Citizen Service) experience this year with 153 young people taking part across the Summer. In total the teams raised in excess of £3000 for a range of local charities and good causes such as Caroline Thorpe Ward (Over and Above) and North Devon Domestic Abuse.

Funding for Next Steps South West has been secured for a further 12 months allowing us to continue to promote higher education opportunities across Northern and Mid Devon. The return of face-to-face delivery across our targets schools has been a real positive as has the team's ability to support a number of college wide initiatives such as the STEM events held in June at both Barnstaple and Tiverton.

Empowering Enterprise has continued to operate well and has been able to take advantage of the extension of time secured in early 2021. The project has currently achieved 86% of the overall start target with over 450 positive outcomes reported to date which is in excess of 83% of the total profiled results to the end of the project. Along with the additional time, the project was also awarded over £2m in extra funding of which just under £500k is currently ringfenced as it may not be earned before the end of the contract. This process of ringfencing income in this way protects the overall College budget against any potential negative future impact. Receipts totalling £3,226,115 have been received up to 31 July 2022 and a debtor of £18,962 is included on the balance sheet.

The two Community Grants contracts continue to operate well with 99% of the total funding allocated on the Devon contract and 93% on the Somerset contract. Activity on these contracts will start to wind down in late 2022 with all final claims being made in March 2023.

Experience Works is now fully operational but unfortunately the effect of COVID on this project has been particularly noticeable. Four of the nine delivery partners have withdrawn, and participant numbers remain low. The result of this is that the contract has been reduced by almost £300,000 and we continue to closely monitor both activity and spend to ensure that there is no negative impact on the College finances overall.

In terms of support for business, Skills Support for the Workforce continues to offer training for the care sector across Northern Devon and has also started to work within construction to offer affordable training to local SMEs to meet their skills needs. SMART SKILLS continues to operate well with a range of business focussed support being provided both face-to-face and online. Big Benefits for Small Businesses is now up and running focusing on sustainability, with several events arranged to help local businesses develop their own sustainability plans. There were also several other employer focussed activities during the year such as Skills Bootcamps and Tech Skills, all of which helped to continue the good work we have developed over the years with local businesses to ensure that their training and support needs are being met.

The HSSAP project has also now moved fully into the operational phase and whilst there have been some challenges around performance, activity is now significantly ramping up with several different offerings in place and discussions happening with local care providers and other relevant employers to ensure that their specific needs are being met. Due to issues between the lead partners and the funders, no payments have yet been received for this contract, we are monitoring this closely as should this continue, there could be a negative impact on the College budget overall.

The Techknowledge Transfer project completed this year and despite the challenges around delivery during COVID, was a success with a number of spin off projects already in place to use the best practice learnt and continue the activity.

New Bids Secured 2021/22

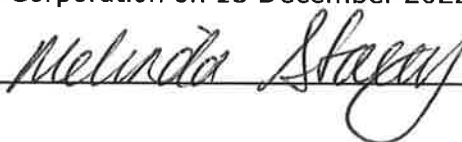
Funding Stream	Bid Title
ETF Mentoring Programme	Mentoring Programme
ESFA Higher Technical Education Provider Growth Fund	Petroc – Health & Science; Construction
ESFA Higher Technical Education Provider Growth Fund	SWIoT – Digital
DfE In-Work Skills Pilot	In-Work Skills
Classics for All	Latin Secondary Grant
DCC COVID Outbreak Management Fund	Protecting our College Community
DWP Work Focussed Activity	Work Focussed Activity DPS 2
DfE T Levels Capital Fund	T Levels Wave 3
DLUHC UK Community Renewal Fund	Promoting Innovation & Entrepreneurship
DLUHC UK Community Renewal Fund	Innovation in Youth & Community
DLUHC UK Community Renewal Fund	Retrofit Skills & Business Accelerator
HotSW Careers Hub STEM Careers Events	STEM Careers – North Devon
HotSW Careers Hub STEM Careers Events	STEM Careers – Mid Devon
DfE Mental Health	Senior Mental Health Lead Training
ESFA Apprenticeships	Register of Apprenticeship Training Providers Refresh
DLUHC UK Community Renewal Fund	Digital Devon
ETF Taking Teaching Further	Taking Teaching Further Round 5
Salisbury NHSFT Apprenticeships	Apprenticeships National Framework Refresh March 2022
DCC Ukrainian Resettlement Programme	Petroc Proposal to support Ukrainian Refugees in Devon – Summer Programme
DfE Building & Facilities Improvement Grants	T Levels Wave 4
DfE Academic Progression Programme	Academic Progression Programme
HotSW LEP Digital Investment Programme	Satellite Applications Catapult Environmental Living Lab
DfE Strategic Development Fund	Collaboration for Success & Green Curriculum of the Future

Current Projects Live 2021/22

Funding Stream	Project
NLCF ESF Co-financed	Empowering Enterprise 18-24
Erasmus+ KA1	Petroc Go V Petroc Go VI
ESFA ESF Co-financed	Skills for Young People Skills Support for the Workforce Community Grants – Devon Community Grants – Somerset
OfS	Next Steps South West
Direct ESF	Experience Works Big Benefits for Small Businesses

	SMART SKILLS Health and Social Care Skills Accelerator Programme
UK Community Renewal Fund	Promoting Innovation & Entrepreneurship Innovation for Youth & Community
Other Grants	Biosphere Surveys Centre for Professional Technical Education - Business Administration Centre for Professional Technical Education - Health & Science College Collaboration Fund COVID Management Outbreak Fund Education & Training Foundation Mentoring In Work Skills National Citizen Service 2.0 Seale-Hayne Educational Trust – Pollinator Project Skills Bootcamp Techknowledgey Transfer The Code for The Future Ukrainian Summer Camp
Turing	Schools – SLDD Sweden

Approved by order of the Corporation on 13 December 2022 and signed on its behalf by:

Chair of Governors 

Melinda Stacey

Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code 2018. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Governors, the College complies with all the provisions of the Code in so far as they apply to the Further Education Sector; and it has complied throughout the year ended 31 July 2022 and up to the date of approval of the financial statements. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges which it formally adopted in July 2015 and subsequent updates made in January 2019 and September 2021.

The College is an exempt charity within the meaning of part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm they have due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

The Corporation

The members (Governors) who served on the Corporation during the year and up to the date of signature were as listed in Table 1.

Table 1: Governors serving on the College Board during 2021/22:

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Full Governing Body	Search and Governance	Remuneration	Strategic Review Committee	Audit Committee	Curriculum and Quality	Finance and General Purposes	Attendance
David Chalmers	01/04/2017 Re-appt 01/04/2018 01/04/2021 01/04/2022	1 year 3 years 1 Year 3 Years		External	3/5	X	X	2/2	X	3/3	2/3	77%
Andrew Champion	01/01/2019	4 years		External	3/5	X	X	X	2/3	X	X	63%
Rob Nicholls	01/04/2020 01/04/2021 01/04/2022	1 year 1 Year 2 Years		External	5/5	3/3	X	X	3/3	X	X	100%
Mark Rogers	01/11/2018	4 years		External	5/5	3/3	X	X	X	X	2/3	91%
Iain Springate	01/04/2017 Re-appt 01/04/2018 01/04/2021 01/04/2022	1 year 3 years 1 Year 3 Years		External	4/5	X	3/3	2/2	3/3	X	X	92%
Melinda Stacey	01/08/2016 Re-appt 07/10/2019	3 years 4 years		External	5/5	3/3	3/3	2/2	X	3/3	2/3	95%
Neil Tanton	01/04/2020	3 years		Staff	5/5	X	X	X	X	X	2/3	88%
Lee Thommen	09/12/2015 Re-appt 07/10/2019	3 years 4 years		Staff	3/5	X	X	X	X	1/3	X	50%
Deborah Watson	01/04/2020 01/04/2021 01/04/2022	1 year 1 Year 2 Years		External	2/5	X	3/5	X	X	3/3	X	62%
Andrew Jackson	01/10/2021	4 years	31/07/2022	External	3/4	2/3	0/3	1/2	X	1/3	1/3	44%
Richard Bevan	01/10/2021	4 years		External	4/4	X	X	1/2	X	X	3/3	89%
Patricia Denham	01/10/2021	4 years		External	4/4	X	X	X	X	2/3	X	86%
Karen Taylor	01/10/2021	4 years	31/07/2022	External	0/4	0/3	X	X	1/3	X	X	10%
Andrew Willis	01/10/2021	4 years	10/02/2022	External	2/2	X	Resigned	X	X	X	0/1	67%
Katerina Kolyva	01/10/2021	4 years		External	4/4	X	X	X	X	2/3	X	86%
Harrison Burke	01/10/2021	1 Year	31/07/2022	Student	3/5	X	X	X	X	2/3	X	63%
Rosie Toleman	01/10/2021	1 Year	31/07/2022	Student	4/4	X	X	X	X	X	2/3	86%
Stephen Wells	01/10/2022	4 Years		External								N/A
Dawn Stabb	10/10/2022	1 Year		External								N/A
Bella Dash	01/10/2022	1 Year		Student								N/A

Audit Committee Meetings 2021/22

	Iain Springate	Andy Champion	Rob Nicholls	Karen Taylor	Mark Tibbert (Co-Opted)
12/11/21	X		X	X	X
25/03/22	X	X	X		X
29/06/22	X	X	X		X

The Instrument and Articles of Government permit the appointment of up to 16 members "who appear to the Corporation to have the necessary skills to ensure that the Corporation carries out its functions under article 3 of the Articles of Government". For ease of reference, these are designated as "External" members in the list above.

The Board was made up of 13 External members, the Principal and Chief Executive, 2 Staff Governors and 2 Student Governors. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation usually meets three times per term. In 2021/22 it met on 5 occasions (in 2020/21 it met on 9 occasions).

Full Board meetings are held in person and committee meetings are held virtually. Where an extraordinary Board meeting has to be called it can be virtual to allow maximum attendance.

The Corporation has six formal committees, each of which had terms of reference, which have been approved by the Corporation. The committees were Audit, Remuneration, Strategic Review, Search & Governance, Curriculum and Quality and Finance and General Purposes. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Governance Adviser at:

Petroc
Old Sticklepath Hill
Barnstaple
Devon
EX31 2BQ

Once approved, Full Board and Audit Committee minutes are also available on the College website www.petroc.ac.uk.

The Governance Adviser maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address and a summary is included on the College website.

All members of the Corporation are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Governance Adviser, who is responsible to the Board for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Governance Adviser are matters for the Corporation as a whole.

Formal agendas, minutes, papers and reports are supplied to Corporation members in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair of the Corporation and the Principal and Chief Executive of the College are separate.

The Corporation undertakes a self-review of effectiveness on an annual basis, in 2021/22 an external review of effectiveness was instead used. Due to a large amount of churn in governors and the ability to take part in a pilot programme for external review the Corporation decided to realign its internal review until October 2022. The External Review was undertaken with the Education Training Foundation and all issues and actions noted have been resolved and reported back to the Corporation and Education Training Foundation. An overview of the external review is held on the website.

Training and development of the Corporation is undertaken through mandatory modules across a range of subjects provided by the College. In addition to this the Education Training Foundation has an online governor programme which is available to Governors although this has only recently become accessible to the Board. Additional modules around Child protection and risk training are scheduled for Autumn 2022 alongside Ofsted preparedness.

The Governance Professional has undertaken online Association of Colleges (AOC) Masterclasses in Audit Committee, Funding and Planning and Curriculum Planning, attended the AOC Governance professionals Annual Conference, is a member of the South West Clerks Network, completed the Governance Professionals Leadership Programme with the Education Training Foundation and is currently completing the Level 3 Certificate in Development for School and Trust Governance Professionals with the National Governance Association.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, comprising 5 members, which is responsible for the selection and nomination of external members for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office normally one year in the first instance, followed by a three year term.

Remuneration Committee

The Remuneration Committee comprises of 5 external members of the Corporation. The committee's responsibilities are to review and make decisions on the remuneration and benefits of senior post holders (the Principal and Chief Executive and three Vice Principals during 2021/22) and the Governance Adviser. Details of remuneration for the year ended 31 July 2022 are set out in note 5 to the financial statements.

Audit Committee

The Audit Committee comprises at least five external members of the Corporation (excluding the Principal and Chief Executive and Chair). In 2021/22 there were 5 members. The committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's Internal and Financial Statements Auditors (including their work on regularity) who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the Funding Bodies as they affect the College's business.

The College's Internal Auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of

agreed audit recommendations, and Internal Audit undertakes periodic follow up reviews to ensure that such recommendations have been implemented.

The Audit Committee also advised the Corporation on the appointment of Internal and Financial Statements Auditors and their remuneration for both audit and non-audit work.

Curriculum and Quality Committee

The Curriculum and Quality Committee comprises of 6 external members of the Corporation. The committee's responsibilities are to focus on, and scrutinise curriculum strategy and performance, including the quality of teaching and learning. This forum will provide an opportunity for Governors to become more closely involved in the development of the College's curriculum and the College's pursuit of high standards in all aspects of its work.

Finance and General Purposes Committee

The Finance and General Purposes Committee comprises of 6 external members of the Corporation. The committee's responsibilities are to focus on, and scrutinise the College's Financial and People Strategies. Areas contributing to the production and monitoring of Financial Regulations and Human Resources Policies and Procedures of the College will be considered by this Committee.

Internal Control

Scope of responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated to the Principal and Chief Executive, as Accounting Officer, the day-to-day responsibility for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to the Principal and Chief Executive in the Financial Memorandum/Funding Agreement between the College and the Education Skills Funding Agency (ESFA). The Principal and Chief Executive is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Petroc for the year ended 31 July 2022 and up to the date of approval of the financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2022 and up to the date of approval of the financial statements. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The College has an Internal Audit Service which operates in accordance with the requirements of the Post 16 Audit Code of Practice. The work of the Internal Audit Service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans, are endorsed by the Corporation on the recommendation of the Audit Committee. At a minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Principal and Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The Principal and Chief Executive's review of the effectiveness of the system of internal control is informed by:

- the work of the Internal Auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's Financial Statements and Regularity Auditors in their management letters and other reports.

The Principal and Chief Executive has been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the Internal Auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Executive Team receives reports setting out key performance and risk indicators and considers possible control issues brought to its attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The appropriate managers and the Audit Committee also receive regular reports from Internal Audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the College management and the Audit Committee, which also reviews the Strategic Risk Management and Board Assurance Plan at each of its termly meetings. The Board Assurance Framework adopted, which complements the College's existing risk management procedures, enables the Committee to assess what controls are in place, how these controls are monitored and whether they are sufficient to support the Board's and Accounting Officer's roles and responsibilities in providing the assurances required to be given. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

At its December 2022 meeting the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering the Annual Report of the Internal Auditors, the Annual Report of the Audit Committee (including the Risk Management Report), the Board Assurance Framework and the Financial Audit Summary, and taking account of events since July 2022. Following consideration, the Board is of the opinion that it has adequate and effective governance, risk management and control processes to manage the achievement of its statutory responsibilities for the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets.

Regularity, propriety and compliance

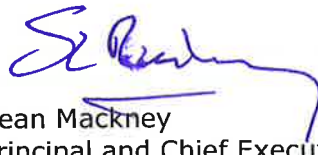
The Corporation has considered its responsibility to notify the Education Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the financial memorandum/funding agreement in place between the College and the ESFA. As part of its consideration the Corporation has had due regard to the requirements of the financial memorandum/funding agreement.

We confirm, on behalf of the Corporation, that after due enquiry and to the best of its knowledge, the Corporation believes it is able to identify any material irregularity or improper use of funds by the College, or material non-compliance with the ESFA terms and conditions of funding under the College's Financial Memorandum/Funding Agreement. We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement these will be notified to the ESFA.

Approved by order of the members of the Corporation and signed on its behalf by:



Melinda Stacey
Chair of Governors



Sean Mackney
Principal and Chief Executive

13 December 2022

Statement of Responsibilities of the Members of the Corporation for the year ended 31 July 2022

The members of the Corporation of the College are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum/Funding Agreement agreed between the Education Skills Funding Agency (ESFA) and the Corporation of the College, the Corporation, through its Principal and Chief Executive, is required to prepare financial statements for each financial year, in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, the Accounts Direction issued by the ESFA and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements the Corporation 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
- Assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- Prepare financial statements on a going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare a report to the members which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It has general responsibility for taking such steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of these matters, and accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to Auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA are used only in accordance with the Financial Memorandum/Funding Agreement with the ESFA and any other conditions that the ESFA may from time to time prescribe. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure that they are used properly. In addition, members of the Corporation are responsible for securing the economical, efficient and effective

management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the ESFA are not put at risk.

Approved by order of the members of the Corporation on 13 December 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Melinda Stacey', written in a cursive style.

Melinda Stacey
Chair of Governors

13 December 2022

Independent auditor's report to the members of the Corporation of Petroc

Opinion

We have audited the financial statements of Petroc (the 'College') for the year ended 31 July 2022 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2022 and of its deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Corporation

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

In preparing the financial statements, the Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Based on our understanding of the College and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: compliance with the ESFA funding agreements, the OfS regulatory framework, the OFSTED regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering.

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

- Inquiring of management and, where appropriate, those charged with governance, as to whether the College is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the College which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

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

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


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

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

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

Use of the audit report

This report is made solely to the Corporation as a body in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.


Mazars LLP (Dec 15, 2022 10:14 GMT)

Mazars LLP

Chartered Accountants and Statutory Auditor

90 Victoria Street, Bristol, BS1 6DP

Date Dec 15, 2022

Petroc Statement of Comprehensive Income for the year ended 31 July 2022

	Note	2022 £'000	2021 £'000
Income			
Funding body grants	2	20,194	21,313
Tuition fees and education contracts	3	4,920	5,020
Other income	4	3,779	1,867
Investment income		-	-
Total income		28,893	28,200
Expenditure			
Staff costs (including pension charges of £2,652,000 (2021: £2,154,000))	5	21,388	20,732
Fundamental restructuring costs	5	761	425
Other operating expenses	6	7,316	6,784
Depreciation		2,748	2,350
Interest and other finance costs (including pension charges of £738,000 (2021: £616,000))	7	925	828
Total expenditure		33,138	31,119
(Deficit) for the year before other gains and losses		(4,245)	(2,919)
Unrealised (loss) in respect of foreign exchange transactions		(17)	(62)
Profit on disposal of assets		14	-
(Deficit) for the year		(4,248)	(2,981)
Actuarial gain in respect of pension schemes	20	35,276	233
Total Comprehensive Income for the year		31,028	(2,748)

All operations are continuing.

Petroc Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1 August 2020	(27,892)	3,155	(24,737)
(deficit) from the income and expenditure account	(2,919)	-	(2,919)
Other comprehensive income	171	-	171
Transfers between revaluation and income and expenditure reserves	274	(274)	-
	(2,474)	(274)	(2,748)
Balance at 31 July 2021	(30,366)	2,881	(27,485)
(deficit) from the income and expenditure account	(4,245)	-	(4,245)
Other comprehensive income	35,273	-	35,273
Transfers between revaluation and income and expenditure reserves	274	(274)	-
Total comprehensive income for the year	31,302	(274)	31,028
Balance at 31 July 2022	936	2,607	3,543

Petroc Balance sheet as at 31 July 2022

	Note	2022 £'000	2021 £'000
Non current assets			
Tangible fixed assets	9	36,632	37,335
Intangible fixed assets	10	119	54
		36,751	37,389
Current assets			
Stocks	11	43	38
Trade and other receivables	12	3,084	2,146
Cash and cash equivalents	17	4,400	6,115
		7,527	8,299
Creditors: amounts falling due within one year	13	(6,974)	(7,257)
Net current assets		553	1,042
Total assets less current liabilities		37,304	38,431
Creditors: amounts falling due after more than one year	14	(19,943)	(20,196)
Provisions			
Defined benefit obligations	16	(13,810)	(45,715)
Other provisions	16	(8)	(5)
Total net assets/(liabilities)		3,543	(27,485)
Unrestricted reserves			
Income and expenditure account reserve		936	(30,366)
Revaluation reserve		2,607	2,881
Total reserves		3,543	(27,485)

The financial statements on pages 30 to 56 were approved by the Corporation on 13 December 2022 and were signed on its behalf by:


Melinda Stacey
Chair of Governors


Sean Mackney
Principal and Chief Executive

Petroc Statement of Cash Flows

	Note	2022 £'000	2021 £'000
Cash flow from operating activities			
(Deficit) for the year		(4,248)	(2,981)
Adjustment for non-cash items			
Release of capital grants		(1,040)	(798)
Depreciation		2,748	2,350
Loss on disposal of fixed assets		3	-
(Increase)/Decrease in stocks		(5)	7
(Increase) in debtors		(908)	(309)
(Decrease)/Increase in creditors		(261)	1,096
(Decrease) in provisions		(16)	(141)
Pensions costs less contributions payable		3,390	2,770
Adjustment for investing or financing			
Investment income		-	-
Profit on disposal of non-current assets		(17)	-
Interest payable		182	195
Net cash flow from operating activities		(172)	2,189
Cash flows from investing activities			
Investment income		-	-
Receipts from sale of non-current assets		17	-
Payments made to acquire fixed assets		(1,133)	(541)
		(1,116)	(541)
Cash flows from financing activities			
Interest paid		(184)	(197)
Repayments of amounts borrowed		(243)	(236)
		(427)	(433)
(Decrease)/Increase in cash and cash		(1,715)	1,215
Cash and cash equivalents at beginning of the year	17	6,115	4,900
Cash and cash equivalents at end of the year	17	4,400	6,115

Notes to the financial statements for the year ended 31 July 2022

1 Accounting policies

Standard Information

The Corporation was established in the United Kingdom under the Further and Higher Education Act 1992 for the purpose of conducting the activities of a College. In August 2008, North Devon College merged with East Devon College and, with effect from 23 September 2009, the Secretary of State for the Department for Business Innovation and Skills formally approved the change of name of the Corporation and College to Petroc. The College is an Exempt Charity under part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State of Education.

Registered Address:
Old Sticklepath Hill
Barnstaple
Devon
EX31 2BQ

Statement of accounting policies and estimation techniques

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2021 to 2022*, the *OfS Accounts Direction* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College’s accounting policies.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cash flow, liquidity and borrowings are described in the financial statements and accompanying notes.

The College currently has £2.916m of secured loans outstanding with Barclays Bank PLC. The College’s forecasts and financial projections indicate that it will be able to operate within the current terms of the loan covenants for the foreseeable future.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its financial statements.

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102.

Recurrent grant income receivable from the ESFA is recognised in line with the latest estimates of grant receivable for an academic year. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner responsive core funding is not subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from OFS represents the funding allocation attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

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

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Income from tuition fees is recognised in the period for which it relates to and includes all fees chargeable to students or their sponsors.

Post-retirement benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme.

TPS

Contributions to the TPS are charged to the income and expenditure so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payrolls. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

LGPS

The assets of the LGPS are measured using bid values. The scheme liabilities are measured using a projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Termination benefits

Payments made in accordance with statutory Government regulations and in accordance with the policies approved by the Governing Body. All such payments must be authorised by the Principal and Chief Executive, and calculations checked by the Vice Principal People, Organisational Developmental & Engagement.

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the 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 College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to the provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-Current Assets – Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at historic purchase cost less accumulated depreciation. Freehold land is not depreciated. Freehold buildings are depreciated using component account principles, depreciation rates are as follows;

Component Heading	Depreciation Years
Roof Structure	30
Lift	10
Windows & External doors	25
Electrics	20
Mechanical Engineering	20
Other	Equal instalments over their estimated remaining useful life

Leasehold building improvements are depreciated over the life of the lease.

Where 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 income account within creditors 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. The deferred income is allocated between creditors due within one year and those due after more than one year. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of fixed asset may not be recoverable.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1997, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Equipment

Generally, equipment costing less than £2,000 per individual item is written off to the income and expenditure account in the period of acquisition. Equipment inherited from the local education authority is included in the balance sheet at valuation. All other equipment is stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Equipment is depreciated over its useful economic life as follows:

Fixtures, fittings and general equipment	20% per year on a straight-line basis
Computer equipment	20% per year on a straight-line basis

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred income account within creditors and released to the income and expenditure account over the expected useful economic life of the related equipment. The deferred income is allocated between creditors due within one year and those due after more than one year.

Intangible Fixed Assets

Combinations that are in substance a gift are accounted for in accordance with FRS 102 Section 19 except that the excess/deficit of the fair value of assets received over the fair value of the liabilities assumed is recognised as a gain/loss in income and expenditure.

Intangible assets are amortised over their useful economic life as follows:

Software	Between 3 and 5 years on a straight-line basis
Other	Between 3 and 5 years on a straight-line basis

Amortisation is included within depreciation on the Statement of Comprehensive Income.

Investments

Investments include sums on short-term deposits with recognised banks.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1 August 2014.

Inventories

Inventories consist of consumables. Inventories are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks. Inventories are measured using the FIFO basis.

Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the year in which it is incurred.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

Taxation

As an Exempt Charity the College benefits by being broadly exempt from Corporation Tax on income it receives from tuition fees, interest and rents.

The 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 assets as appropriate.

Cash & Cash Equivalents

Liquid resources include sums on short-term deposits with recognised banks, building societies and government securities.

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities.

Provisions

Provisions are recognised when the 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 obligation.

Agency arrangements

The College acts as an agent in the collection and payment of Discretionary Learner Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in Note 23, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

Judgements in applying accounting policies

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 20, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants

	2022 £'000	2021 £'000
Recurrent grant		
Education and Skills Funding Agency – 16-18	13,240	13,267
Education and Skills Funding Agency – Adult	1,885	3,014
Education and Skills Funding Agency – Apprenticeships	2,950	2,831
Office for Students	172	266
European Union Co-Financed	367	444
Teacher Pensions Scheme contribution grant	571	656
Other Non-recurrent grants – ESFA	143	121
Releases of ESFA capital grants	841	650
Release of HE capital grants	25	64
	20,194	21,313

2a OfS

	2022 £'000	2021 £'000
Grant income from the OfS	172	265
Fee income for taught awards	1,517	1,743
Fee income from non-qualifying courses	5	2
	1,694	2,010

3 Tuition fees and education contracts

	2022 £'000	2021 £'000
Adult education fees	60	131
FE Loans	714	885
Higher education fees	1,517	1,743
Full cost fees	321	354
Apprenticeship contracts	34	39
Careers learning pilot	-	-
	2,646	3,152
Local authorities and schools	2,023	1,651
Higher education	251	217
	4,920	5,020

4 Other Income

	2022 £'000	2021 £'000
European grant income	902	42
Other grant income	1,643	1,009
Coronavirus Job Retention Scheme	-	85
Other income	1,234	731
	3,779	1,867

Other Income includes deferred grant release of £173,983 (2021: £84,352)

5 Staff costs

The average number of persons (including key management personnel) employed by the College during the year, was:

Headcount	2022 No.	2021 No.
Teaching staff	285	322
Non-teaching staff	408	411
	693	733
Full-time equivalents	2022 No.	2021 No.
Teaching staff	213	242
Non-teaching staff	301	293
	514	535
	2022 £'000	2021 £'000
Staff costs for the above persons		
Wages and salaries	13,937	14,223
Social security costs	1,223	1,227
Other pension costs including pension charges of £2,652,000 (2021: £2,154,000)	5,508	5,132
Payroll sub total	20,668	20,582
Contracted out staffing services	720	150
	21,388	20,732
Fundamental restructuring costs - contractual	761	425
- non-contractual	-	-
Total staff costs	22,149	21,157

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team which comprises the Principal and Chief Executive, Vice Principals and Assistant Principals. Staff costs include compensation paid to key management personnel for loss of office.

Emoluments of key management personnel including the Principal and Chief Executive

	2022 No.	2021 No.
The number of key management personnel including the Principal and Chief Executive was:	6	9

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	Key management personnel	
	2022	2021
	No.	No.
£50,001 to £55,000	-	1
£55,001 to £60,000 p.a.	-	1
£60,001 to £65,000 p.a.	1	1
£65,000 to £70,000 p.a.	1	-
£70,001 to £75,000 p.a.	-	2
£75,001 to £80,000 p.a.	1	-
£85,001 to £90,000 p.a.	-	2
£90,001 to £95,000 p.a.	1	-
£135,001 to £140,000 p.a.	-	1
£140,001 to £145,000 p.a.	1	-
	<u>5</u>	<u>8</u>

Including part time workers grossed up to full time equivalent, 1 key management personnel were paid in the £75,001 to £80,000 banding in 2021 (2021: 1 key management personnel were paid in the £65,001 to £70,000 banding).

Key management personnel emoluments are made up as follows:

	2022	2021
	£'000	£'000
Salaries	490	581
Employers National Insurance contributions	62	71
Benefits in kind	-	-
	<u>552</u>	<u>652</u>
Pension contributions	92	113
Total key management personnel emoluments	644	765

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above emoluments includes amounts payable to the Principal and Chief Executive (who is also the highest paid senior post-holder) of:

	2022	2021
	£'000	£'000
Salary	139	138
Benefits in Kind	-	-
	139	138
Pension Contributions	23	23

The governing body adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles.

The remuneration package of key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. This means that the AoC Senior Pay survey is the benchmark used and the College seeks to follow the median salary paid within the 'South' (of the country).

The Remuneration Committee receives annual performance reviews through the Chair of Board (for the Principal and CEO and the Governance Advisor) and the Principal and CEO (for other Senior roles). Performance is assessed against the College's Performance and Development Review process, which is structured to show performance against the College's overall objectives and aims set out in the College strategy. This may use qualitative and quantitative measures depending on the objective.

Relationship of Principal and Chief Executive pay and remuneration expressed as a multiple

	2022	2021
Principal and Chief Executive's basic salary as a multiple of the median of all staff	5.7	5.5
Principal and Chief Executive's total remuneration as a multiple of the median of all staff	5.7	5.3

Based on staff on the payroll at the end of the year (contracted and casual) and excludes agency workers.

Compensation for loss of office paid to former key management personnel

	2022	2021
	£'000	£'000
Compensation paid to former senior post-holder	-	-
Estimated value of other benefits, including provisions for pension benefits	-	-

Severance payments are made in accordance with relevant legislation and in accordance with the policies approved by the Governing Body. Professional advice is obtained where necessary. All such payments must be authorised by the Principal and Chief Executive.

The members of the Corporation other than the Principal and Chief Executive and the staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

5a Access and participation spending

	2022 £'000	2021 £'000
Access investment	49	61
Financial support to students	72	17
Disability support	6	12
Research and evaluation	50	43
	177	133

Includes staffing costs of £87,494 (2021: £99,237) which are included within Note 5.

6 Other operating expenses

	2022 £'000	2021 £'000
Teaching costs	2,444	2,181
Non-teaching costs	2,993	2,761
Premises costs	1,879	1,842
	7,316	6,784

Other operating expenses include:

Auditors' remuneration:

- Financial statements audit	27	25
- Internal audit	30	24
Hire of plant and machinery under operating leases	37	41
Hire of other assets under operating leases	754	754

7 Interest and other finance costs

	2022 £'000	2021 £'000
On bank loans	182	195
Interest on enhanced pension provision (note 16)	5	17
Net interest on defined pension liability (note 20)	714	592
Administration expenses (note 20)	24	24
	925	828

8 Taxation

The Members do not believe that the College is liable for any Corporation Tax on income arising out of its charitable activities during the year.

9 Tangible assets

	Land and buildings freehold	Equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 31 July 2021	56,897	13,247	236	70,380
Transfers	359	210	(569)	-
Additions	-	1,008	1,016	2,024
Disposals	-	(541)	(2)	(543)
At 31 July 2022	57,256	13,924	681	71,861
Accumulated depreciation				
At 31 July 2021	21,816	11,229		33,045
Charge for the year	1,826	899	-	2,725
Disposals	-	(541)	-	(541)
At 31 July 2022	23,642	11,587	-	35,229
Net book value				
At 31 July 2022	33,614	2,337	681	36,632
At 31 July 2021	35,081	2,018	236	37,335
Inherited at valuation	5,779	-	-	5,779
Financed by capital grant	16,698	1,308	389	18,395
Other at cost/valuation	11,137	1,029	292	12,458
	33,614	2,337	681	36,632

Land and buildings were valued at 25 July 1997 at depreciated replacement cost by King Sturge and Co, chartered surveyors. Other tangible fixed assets inherited from the local education authority at incorporation were valued on incorporation on a depreciated replacement cost basis with the assistance of independent professional advice.

Land and buildings with a net book value of £5,779,000 (2021: £6,053,000) have been funded from local education authority sources. Should these assets be sold, the College may be liable, under the terms of its Financial Memorandum, to surrender the proceeds.

If inherited fixed assets had not been revalued before being deemed as cost on transition they would have been included at nil cost.

10 Intangible assets

	Software	Other	Total
	£'000	£'000	£'000
Cost or valuation			
At 31 July 2021	15	40	55
Transfers	-	-	-
Additions	78	10	88
Disposals	-	-	-
At 31 July 2022	93	50	143
Accumulated depreciation			
At 31 July 2021	1	-	1
Charge for the year	13	10	23
Disposals	-	-	-
At 31 July 2022	14	10	24
Net book value			
At 31 July 2022	79	40	119
At 31 July 2021	14	40	54
Inherited at valuation	-	-	-
Financed by capital grant	11	-	11
Other at cost/valuation	68	40	108
	79	40	119

11 Stocks

	2022 £'000	2021 £'000
Commercial trading activities	43	38

12 Debtors

	2022 £'000	2021 £'000
Trade receivables	877	660
Prepayments and accrued income	756	644
Amounts owed by the ESFA	487	431
Other receivables	964	411
	3,084	2,146

13 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Bank loans	250	243
Payments received in advance	860	1,989
Trade payables	2,535	2,184
Other taxation and social security	431	345
Accruals and deferred income	738	951
Amounts owed to the ESFA	945	426
Deferred income – government capital grants	1,117	1,008
Other payables	98	111
	6,974	7,257

Trade payables include holiday accrual of £683,004 (2021: £711,705).

14 Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Bank loans	2,666	2,915
Deferred income – government capital grants	17,277	17,281
	19,943	20,196

Analysis of Change in net Debt

	As at 31 July 2021 £'000	Cash Flows £'000	Finance Leases £'000	Other non- cash changes £,000	As at 31 July 2022 £'000
Cash and cash equivalent					
Cash	6,115	(1,715)	-	-	4,400
Treasury Deposits	-	-	-	-	-
	6,115	(1,715)	-	-	4,400
Borrowings					
Debt due within 1 year	(243)	243	-	(250)	(250)
Debt more than 1 year	(2,916)	-	-	250	(2,666)
Finance Leases	-	-	-	-	-
	2,956	(1,472)	-	-	1,484

15 Analysis of borrowing of the College

	2022 £'000	2021 £'000
Bank loans		
Repayable as follows:		
- in one year or less	250	243
- between one and two years	258	251
- between two and five years	829	800
- in five years or more	1,579	1,864
	2,916	3,158

The loans are from Barclays Bank PLC and are repayable within the period shown. The balance is made up of three separate facility agreements at fixed interest rates varying from 5.95% to 6.51% and a fourth, variable rate loan. All loans are secured.

16 Provisions for liabilities and charges

	Defined benefit obligations	Restructuring	Enhanced pensions	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2021	45,376	5	339	-	45,720
Expenditure in period	(3,390)	(5)	(34)	-	(3,429)
Additions in period	(28,456)	8	(25)	-	(28,473)
At 31 July 2022	13,530	8	280	-	13,818

The College has accrued restructuring costs of £8,328 (2021: £4,863) as a result of an efficiency savings programme.

The enhanced pensions provision relates to the entitlements of staff taking early retirement under the 1993 incorporation reorganisation programme. This amount represents the extent to which the capital cost charged exceeds actual payments made. The provision will be released against the cost to Petroc of enhanced pension entitlements over the estimated life expectancy of each relevant employee. This provision has been recalculated in accordance with guidance issued by the ESFA.

The principal assumptions for this calculation are:

	2022 %	2021 %
Interest rate	3.4	1.6
Inflation rate	2.8	2.9

The provision includes £Nil (2021: £Nil in respect of former senior post-holders).

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension scheme. Further details are given in Note 20.

The recent Harper Trust v Brazel case regarding holiday allowance; part of the working time regulations may lead to a potential liability. Legal advice is ongoing due to technicalities around the case, and it is currently not possible to calculate the potential impact.

17 Cash and cash equivalents

	At 1 August 2021 £'000	Cash flows £'000	Other changes £'000	At 31 July 2022 £'000
Cash and cash equivalents	6,115	(1,715)	-	4,400
Overdrafts	-	-	-	-
Total	6,115	(1,715)	-	4,400

18 Lease obligations

At 31 July the College had minimum lease payments under non-cancellable operating leases as follows:

	2022 £'000	2021 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	754	754
Later than one year and not later than five years	1,760	2,517
Later than five years	-	-
	2,514	3,271
Other		
Not later than one year	34	38
Later than one year and not later than five years	42	18
Later than five years	-	-
	76	56

Lease payments recognised as an expense during the year was £790,976 (2021: £795,316)

19 Lessee obligations

At 31 July the College had minimum lessee payments under non-cancellable operating leases as follows:

	2022 £'000	2021 £'000
Future minimum lessor payments due		
Land and buildings		
Not later than one year	29	75
Later than one year and not later than five years	2	39
Later than five years	-	-
	31	114

20 Pensions and similar obligations

The College's employees belong to two principal pension schemes, Local Government Pension Scheme (LGPS) and the Teachers' Pension Scheme (TPS). Both schemes are defined benefit schemes.

Total pension cost for the year	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
TPS: contributions paid	1,457	1,631
LGPS:		
Contributions paid	1,398	1,347
Pension charge	2,652	2,154
Charge to the statement of comprehensive income	4,050	3,501
Total pension cost for year (note 5)	5,507	5,132

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuations of the TPS was 31 March 2016 and the LGPS was valued at 31 March 2019. Contributions amounting to £298,099 (2021: £314,899) were payable to the scheme at 31 July 2022 and are included within trade creditors.

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by Devon County Council. The College is not liable for other entities obligations.

The total contribution made for the year ended 31 July 2022 was £1,810,873 (2021: £1,748,138) of which employer's contributions totalled £1,397,927 (2021: £1,346,917) and employees contributions totalled £412,946 (2021: £401,221). This includes an employer secondary (deficit recovery) rate value paid monthly of £21,423 (August 2021 to March 2022) and £22,204 (April 2022 to July 2022).

For the period from 1 August 2021 to 31 July 2022 the employer contribution was 16.90% (2021: 16.90%).

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary. The CPI inflation assumption does not reflect the Pension Increase Order 2023 inflation value of 10.1% as this is not likely to be legally enacted until Spring 2023

	2022 %	2021 %
Rate of increase in salaries	3.80	3.85
Future pensions increase	2.80	2.85
Discount rate for scheme liabilities	3.40	1.60
Inflation assumption (CPI)	2.80	2.85
Commutation of pensions to lump sums	50.0	50.0

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 2022	At 31 July 2021
	Years	Years
<i>Retiring today</i>		
Males	21.7	22.7
Females	22.9	24.0
<i>Retiring in 20 years</i>		
Males	23.0	24.0
Females	24.3	25.4

The College's share of the assets in the plan (which is estimated to be 0.80%) at the balance sheet date and the expected rates of return were:

	Fair value at 31 July 2022 £'000	Fair value at 31 July 2021 £'000
Equity instruments	22,484	26,137
Government bonds	7,279	5,517
Property	4,199	3,280
Cash	295	397
Target return portfolio	3,930	3,974
Infrastructure	3,104	1,544
Other bonds	943	798
Private equity	-	-
Alternative assets	(10)	3
Total fair value of plan	42,224	41,650

For accounting years beginning on or after 1 January 2015, the expected return and the interest cost have been replaced with a single net interest cost, which effectively sets the expected return equal to the discount rate (3.40% as at 31 July 2022).

The amount included in the balance sheet in respect of the defined benefit pension is as follows:

	2022 £'000	2021 £'000
Fair value of plan assets	42,224	41,650
Present value of plan liabilities	(55,754)	(87,026)
Net pensions (liability) (note 16)	(13,530)	(45,376)

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	2022	2021
	£'000	£'000
Amounts included in staff costs		
Current service cost	4,062	3,485
Past service cost	-	26
	4,062	3,511
Amounts included in investment income		
Net interest income	(714)	(592)
	(714)	(592)
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	(732)	6,027
Experience losses arising on defined benefit obligations	(183)	1,431
Other actuarial (losses) on assets	-	-
Changes in assumptions underlying the present value of plan liabilities	36,151	(7,225)
	35,236	233
Enhanced Pension Provision		
Actuarial (gains) / losses	40	-
	35,276	233

Movement in net defined benefit (liability)/asset during year

	2022	2021
	£'000	£'000
Net defined benefit (liability) in scheme at 1 August	(45,376)	(42,839)
Movement in year:		
Current service cost	(4,062)	(3,485)
Employer contributions	1,114	1,061
Deficit payments	296	296
Administration expenses	(24)	(24)
Past service cost	-	(26)
Net interest on the defined (liability)	(714)	(592)
Actuarial gain or (loss)	35,236	233
Net defined benefit (liability) at 31 July	(13,530)	(45,376)

Asset and Liability Reconciliation

	2022	2021
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	87,026	76,401
Current service cost	4,062	3,485
Interest cost	1,386	1,073
Contributions by scheme participants	414	401
Experience gains and losses on defined benefit obligations	183	(1,431)
Changes in financial assumptions	(31,812)	8,185
Changes in demographic assumptions	(4,339)	(960)
Estimated benefits paid	(1,166)	(154)
Past Service cost, including curtailments	-	26
Defined benefit obligations at end of period	55,754	87,026
Changes in fair value of plan assets		
Fair value of plan assets at start of period	41,650	33,562
Interest on plan assets	672	481
Return on plan assets	(732)	6,027
Other actuarial (losses)	-	-
Administration expenses	(24)	(24)
Employer contributions	1,410	1,357
Contributions by scheme participants	414	401
Estimated benefits paid	(1,166)	(154)
Fair value of plan assets at end of period	42,224	41,650

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department in April 2019). The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs since 2019/20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £1,457,498 (2021: £1,631,223).

21 Capital commitments

	2022	2021
	£'000	£'000
Commitments contracted for at 31 July	868	550

22 Related party transactions

Owing to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the year was £279 (2021: £Nil). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and events in their official capacity.

No Governor has received any remuneration or waived payments from the College (2021: None).

The College is not a subsidiary and neither owns any subsidiaries, therefore no related party transactions have occurred.

23 Discretionary Learner Support Funds and Other Bursaries

	2022 £'000	2021 £'000
Grant funding	1,119	1,088
Interest earned	-	-
	1,119	1,088
Disbursed to students	(786)	(963)
Staffing	-	(36)
Administration costs	(35)	(42)
Balance unspent at 31 July	298	47

Included within creditors is £465,383 (2021: £253,086) of money not yet paid across or repaid as at the year-end.

Funding grants are available solely for students; the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

24 Post Balance Sheet Event

On 29 November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions with immediate effect and this prompted the Department for Education to introduce some new rules for colleges which will take effect during 2023.

The College considers this announcement to be a non-adjusting post balance sheet event and is evaluating the implications of the announcement and the potential new rules but do not consider that they will have an impact on these financial statements."

Clearly, if a college's key assumptions when forming a view on going concern included obtaining new loans (or even renegotiating existing ones) or selling a property then there would be rather more to consider and the above disclosure would most likely not suffice.

To: The corporation of Petroc and Secretary of State for Education acting through Education and Skills Funding Agency ("ESFA")

In accordance with the terms of our engagement letter dated 7th of October 2022 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Petroc during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

This report is made solely to the corporation of Petroc and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Petroc and the ESFA those matters we are required to state in a 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 corporation of Petroc and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Petroc and the reporting accountant

The corporation of Petroc is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity and propriety.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the ESFA/funding agreement with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Tested a sample of individual learner records.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

Signed: 
Mazars LLP (Dec 15, 2022 10:14 GMT)

Mazars LLP

Date: Dec 15, 2022

