

# **Hartpury College of Further Education**

Report and Financial Statements

for the year ended 31 July 2019

## **Key Management Personnel, Board of Governors and Professional advisers**

### **Key management personnel**

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2018/19:

Mr R Marchant	Principal and CEO; Accounting Officer
Ms C Whitworth	Vice-Principal - Further Education

### **Board of Directors**

A full list of Directors is given on page 10 of these financial statements.

Doctor N Potter acted as Clerk to the Board until 29 May 2019 when Mrs G Steels became Clerk to the Board.

### **Professional advisers**

#### ***Financial statements auditors and reporting accountants***

KPMG LLP  
66 Queen Square  
Bristol  
BS1 4BE

#### ***Internal auditors***

PricewaterhouseCoopers LLP  
2 Glass Wharf,  
Bristol,  
BS2 0FR

#### ***Bankers***

Lloyds  
PO Box 1000  
Corn Street  
Bristol  
BX1 1ST

#### ***Solicitors***

Birketts  
24 – 26 Museum Street  
Ipswich  
Suffolk  
IP1 1HZ

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# HARTPURY COLLEGE OF FURTHER EDUCATION

## Directors' Report

### NATURE, OBJECTIVES AND STRATEGIES

The Board presents its report and the audited financial statements for the year ended 31 July 2019.

### Legal Status

Hartpury College of Further Education ("Hartpury College") is a private company limited by guarantee and a wholly owned subsidiary of Hartpury University. Hartpury College of Further Education was designated by the Secretary of State on 1<sup>st</sup> August 2018 as a Further Education Institution. These accounts represent the first year of trading and therefore no comparatives are available. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011 and complies with the requirements of the Further Education Accounts Direction and Companies Act.

### Mission

The College's mission as approved by the Governors is set out below:

*"Hartpury College will be a specialist niche provider delivering relevant, effective and high-quality education and training for employment in land based, sports and allied industries; locally, regionally, nationally and internationally."*

### Resources

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

### Financial

The College has accumulated reserves of £867,806 and cash and short-term investment balances of £1,012,071. The College continues to manage its cost base tightly and is growing student numbers year on year. As part of the wider Hartpury University Group (Hartpury), the College works in partnership with the University to deploy its financial resources in the interests of its students and to improve the facilities of the wider university group, which in turn provides access for College students and staff to state of the art facilities. This is achieved through the agreement by both the Board of the University and College Board agreeing a joint Business Plan for the future development of the Hartpury Group.

### People

The College employs 179 people (expressed as full-time equivalents), most of whom are teaching staff.

### Reputation

The College's reputation locally, nationally and internationally remains high and the need to maintain a quality brand is recognised as essential for the College's success in attracting students and external relationships.

### Strategy for Hartpury College

Hartpury, over the past 6 months, updated and refreshed its group strategy to 2025 and implicit within that is the strategic direction for the College. This strategy reflects the impact of University status, the improving demographics over the next 5 years and the need to continue to invest in the site to grow and improve facilities.

The strategy reflects the increasing demand for places at Hartpury both in FE and HE and the need to attain an optimum size to provide financial resilience. The need to meet the increasing demand is tempered by the reality of ensuring that the student experience remains high and that all students have access to the best possible and most up to date facilities that can be offered.

The vision is to create a University with 2,500 undergraduates and up to 500 postgraduates, alongside a College with 2,000 students. Indications from the trend of recent recruitment and demographics are that this is achievable in the next five years. It does however require significant investment in the campus, both in creating new facilities and refurbishing existing facilities, to maintain and enhance the quality of the student experience and meet recruitment targets. Growth of this order can generate the income to fund the investment required.

Within the Strategy to 2025, Hartpury's strategic priorities are identified as:

### Being the best, we can be

Hartpury will be relentless in the pursuit of excellence, building upon its reputation as a world-class provider of specialist further and higher education.

To develop our high academic standards, we will:

- Retain our TEF Gold and our Ofsted Outstanding ratings
- Attain sector leading student satisfaction scores
- Contribute to new knowledge and transfer into practice, at national and international levels
- Continue to aim for the best possible student experience

### Building strength through partnerships

Our development will be enabled through effective partnerships and collaborations with those who share our vision for the future.

As a result of effective partnerships, we will:

- Create Hartpury University and Hartpury College side by side on the same campus, with parity of esteem
- Work in partnerships with our students, staff and parents, supporting them to achieve their full potential.
- Drive forward successful hub centres, to support the sharing of best practice and research in the agriculture, equine, animal and sports industries.
- Contribute to economic and community development within our region.
- Work closely with employers and industry to shape the specialist education we provide

# HARTPURY COLLEGE OF FURTHER EDUCATION

## Directors' Report (continued)

### **Inclusive in all we do**

We will create an inclusive and accessible environment that promotes respect for our students, staff, and the wider community. Through our culture and frameworks, we will:

- Pro-actively recognise and promote equality, diversity and wellbeing within our community
- Support students from under-represented groups to access, succeed and progress at Hartpury Group
- Strive to achieve and sustain sector leading student and staff retention rates
- Commit to listening to the student and staff voice and utilising it to enhance activity

These priorities are underpinned by the Hartpury Values:

### **Excellence**

We strive to achieve the highest quality in every aspect of our work. We expect and achieve high standards of our students and staff, whilst providing a learning experience that is truly first class.

### **Passionate**

We create an environment in which our students and staff develop and celebrate their shared interests. We empower our graduates to combine their passion with their career and shape the future of the specialist industries we serve.

### **Challenging**

We support students and staff who want to challenge and be challenged. We inspire them so that they can confidently achieve their ambitions, create their own successes, and be the very best they can be.

### **Nurturing**

People are the centre of everything we do, with our students at the heart of our community. We invest in our people, support their development, and encourage them to reach their full potential.

### **Respectful**

Inclusivity underpins our organisation; we respect and celebrate equality and diversity. We seek to create a community in which all of our staff, students and partners thrive and feel proud to belong.

### **Financial Strategy**

To align with the overarching strategy a group financial strategy has been developed which underpins the forward, group financial plan. This Financial Strategy supports Hartpury aims by recognising the challenge of providing finance to enable growth whilst at the same time maintaining strong financial controls. The recent history of Hartpury has shaped the current balance sheet which forms the baseline for the financial strategy to fund these priorities. Against this background the financial strategy is to:

- Provide sufficient funds to enable curriculum maintenance and development
- Provide sufficient funds to maintain existing resources
- Enable the funding of future facilities
- Provide long term financial continuity and sustainability
- Manage financial risk

The aim of continuing to grow in a resource efficient manner defines the scope of future income and the broad portfolio of courses and related facilities. Continued growth and maintaining an outstanding student experience both require increased funds to invest in new capital projects while maintaining the existing infrastructure. Standing still in a highly competitive education market which continues to develop and evolve is not seen as an option.

The financial strategy should above all ensure the continued confidence of stakeholders to support Hartpury, be they funding agencies, the banks, employees, students or others.

### **Strategic Priority – Maximising efficiency**

Whilst Hartpury is financially sound, there needs to remain a strong focus on ensuring that systems and processes work as effectively and efficiently as possible in order to generate surpluses and cash on an annual basis. The underlying systems and processes within Hartpury need to be reviewed to ensure that duplication of effort is minimised, IT solutions are used effectively to drive efficiency and that decisions are made with a view to ensure that the on-going financial implications are understood and accepted.

By ensuring that processes work more effectively and efficiently, better use can be made of resources both human and physical and thus ensure that there is more cash resource available to invest for the long term. To achieve this position Hartpury is embarking on a Continuous Improvement journey using Lean methodologies to improve efficiency.

### **Strategic Priority – Maximising capital grants and other capital funding**

Hartpury has historically not been as successful as some of its competitors in attracting both grant and other funding to support capital developments. With continued pressure on government grants for developments there is a need to be more responsive and focussed when looking at government backed grant funding. Allied to this the ability to attract donations and funding from individual and charitable trusts will enable the pre-requisite 'match funding' required by most grants to be met.

The benefits of focussed attention to identify potential charitable donors to Hartpury are beginning to have a positive impact. Overall funding from charitable sources and alumni should not be regarded as a key provider of funds at this stage but rather as a means of potentially accelerating projects.

# HARTPURY COLLEGE OF FURTHER EDUCATION

## Directors' Report (continued)

### **Strategic Priority – Continue to de-risk the financial position of Hartpury**

The current major risks for Hartpury's financial position are the variability in the monthly cash flows over the financial year and the high level of debt burden that Hartpury carries. Clearly, continuing to recruit and grow student numbers and managing operating cost base are also key.

The cash reserves risk will be impacted by the first strategic priority above and with prudent cash management will ensure the cash position remains positive. With regard to debt levels, these remain high. Hartpury will continue in the long term, through the strong cash generation of the operations to aggressively reduce the debt level, as a percentage of income. The portfolio of debt held by Hartpury will continue to be reviewed and consideration will be given to re-financing to reduce debt servicing costs and further manage down the overall debt level.

### **Strategic Priority - Accumulation of cash reserves to enable planned facilities development**

Although Hartpury continues to operate in a period of considerable uncertainty surrounding future funding, its diversified income stream reduces financial risk. The 40/60 split of FE and HE income, the low reliance on FE 19+ provision and substantial commercial and other income has, together with a strong financial control environment and the ability to make tough decisions when necessary, allowed Hartpury to withstand the impact of multiple funding cuts in FE since 2008. There are some consequences of this, notably pressure on salaries as the economy comes out of recession and a shortfall on maintenance of premises and facilities. Added to this, Brexit may complicate matters further. However, the projections for cash generation over the next 5 years remain positive.

### **Strategic Priority – To identify new funding to enable planned facilities development**

To service the planned growth in student numbers a key part of the strategy is to continue to develop the site to accommodate more students, refurbish existing facilities and ensure that the campus continues to offer a learning experience which is outstanding.

As a cash generative operation Hartpury can contribute significantly to this strategy. However, to accelerate developments and to ensure that student experience is not negatively impacted as developments lag growth, external funding will be required to support the plans.

It is proposed to pursue two lines of external support to enable the delivery of the strategy to 2025. Additional loans will be sought to support the development of new learning and teaching facilities on site, to be supplemented by cash generated by Hartpury.

For facilities which generate income directly, student accommodation, new funding models will be pursued which enable the developments to be funded and run by others but enabling Hartpury students to benefit from these developments. This funding methodology could be utilised for both on campus and off campus accommodation developments.

### **Performance Indicators**

Key performance indicators are monitored across the whole College. Set out below are the key indicators for FE academic and College financial performance as well as key group indicators for HR. These are monitored and discussed throughout the College by governors and staff. Where indicators are below target remedial action is discussed, action plans are developed and then implemented – progress against targets is then monitored on a regular basis. Where targets are exceeded in any one year, the targets for subsequent years are realigned, wherever possible, in a programme of continuous improvement

# HARTPURY COLLEGE OF FURTHER EDUCATION

## Directors' Report (continued)

Key FE Performance Indicators	2018-19 KPI Target	2018-19 Performance
Attendance	97%	97.9%
% Good or Outstanding Teaching	93%	90%
Long Level 2 Retention	93%	89.9%
Achievement/Pass	100%	98.6%
Success/Achievement	93%	88.6%
Long Level 3 BTEC Retention	93%	91.5%
Achievement/Pass	99%	99.8%
Success/Achievement	92%	91.3%
Long Level 3 A Levels Retention	88%	81.8%
Achievement/Pass	98%	99.2% <sup>1</sup>
Success/Achievement	92%	81.1%
Progression to a positive destination	95%	97%
Student Satisfaction	97%	97.4%/95% <sup>2</sup>

Key Group HR performance indicators	2018-19 KPI Target	2018-19 Performance
Sickness levels – average days lost per annum	5.3	5.72
Staff turnover – overall	12%	13%
% FE staff achieved/working towards teaching qualification	100%	100%
% HE staff achieved/ working towards teaching qualification	100%	95%

Key Financial Performance Indicators	College 2018/19	National FEC median for 2017/18 <sup>3</sup>
Adjusted Current Ratio	1.58	1.35
Cash days in hand	37	51
Performance Ratio %	7.98%	6.00%
Staff Costs as % Turnover	44.2%	69%
Borrowing as a % of Income	0%	21%
Debt charge as a% of income	0%	3.00%
Financial health	Outstanding	-

The College is committed to observing the importance of sector measures and indicators and uses measures such as the Department for Education (DfE) performance data and ESFA, Education and Training National Achievement Rate Tables to enable benchmarking.

The College is required to complete the annual Finance Record for the ESFA. The Finance Record produces a financial health grading. The current rating of Outstanding is considered an acceptable outcome.

### FINANCIAL POSITION

#### Financial Results

For the year ended 31 July 2019, the College achieved a surplus of £867,806 before other gains and losses and tax. The College has transferred this surplus to the income and expenditure account.

The table below shows some key financial figures and ratios for the College.

	2018/19
	£'000
Total income	10,882
Surplus for the year (before taxation)	868
Income and expenditure reserve	868
General reserve to total income	7.99%
Funding Body income as % of total	94.3%
Staff Costs	4,813
Staff Costs as a % of income	44.2%

<sup>1</sup> includes AS passes with transfers

<sup>2</sup> term 2/term 3

<sup>3</sup> Source - Financial Dashboard March 2019 from ESFA

# HARTPURY COLLEGE OF FURTHER EDUCATION

## Directors' Report (continued)

The College has accumulated reserves of £867,806 and cash and short-term investment balances of £1,012,071. The College seeks to achieve a return on income of at least 3%. In this way it will increase reserves year on year thereby strengthening the balance sheet. The continued generation of retained surpluses will allow the accumulation of significant levels of cash for future investment in facilities by the Group.

The College has an agreed budget for 2019/20 and a forecast position for 2020/21. This shows good financial health across both years. The College generates at least a 3% surplus as a percentage of income each year and forecasts improving liquidity each year.

### Treasury Policies and objectives

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

Hartpury has a treasury management policy which is applied to all companies in the Group, including Hartpury College.

### Cash flows and liquidity

At £1.0m operating cash flow is more than adequate for operational requirements.

### Reserves Policy

The College seeks to ensure that it retains sufficient reserves to support its core activities. The College aims to retain liquid cash reserves of no less than £500k at the end of each financial year with any excess cash being gift aided to its parent, Hartpury University, for investment in line with the jointly agreed Operational Plan for the group.

### Payment Performance

Unless otherwise agreed, it is the College's policy to pay all of its suppliers within 30 days of the end of the month in which it receives the invoice for goods or services or if later, after acceptance of the goods and services in question. These terms are published on the College's website.

### Events after the end of the reporting period

There are no significant post balance sheet events

## CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

This year has been both exciting and momentous for Hartpury. It has seen the culmination of many years hard work attaining Taught Degree Awarding powers and progressing to successfully be designated as a Higher Education Board and award of University title by Privy Council in September 2018.

Hartpury has roots in vocational training and throughout the process to becoming a University the Board have been mindful of the need to both protect and grow our further education provision. The combination of FE and HE on a single site sharing facilities and providing a unique parity of esteem and aspiration for young people makes Hartpury the success it is. This has always been recognised and needed to be safeguarded as Hartpury moves forward. To this end with the support of the Department for Education and the Education and Skills Funding Agency, Hartpury University has a wholly owned subsidiary, Hartpury College of Further Education, which is a designated Further Education Institution. This structure provides the protection for further education provision at Hartpury College for the long term.

Whilst focussing on this journey, there is always a risk that the day to day receives less attention. This has not been the case at Hartpury. Student numbers continue to grow year on year, student satisfaction remains consistently high, student achievements are strong, and our post qualification progression is strong and has improved again this year.

Key evidence of this progress includes

- FE full time student numbers after enrolment for 2018-19 totalled 1778 FTE
- FE learner satisfaction, as measured by the national FE Choices survey, Hartpury College remains the top specialist Land based College
- Students continue to prosper at the College. FE success/achievement rates continue to remain strong overall with success/achievement rates for 2018/19 long level 3 BTEC courses at 91.3% and A Levels pass rate at 99.2%.

The College has a national reputation for curriculum innovation in support of the core areas of focus - Sport, Equine, Agriculture, Animal and A Level provision. New curriculum developments are growing. An interesting challenge will be managing this growth in terms of recruitment and ensuring the protection of student experience both in and out of timetabled sessions.

The College's programmes within FE are regularly inspected by external verifiers from a range of Awarding Organisations. These are routinely very strong. In May 2018 Ofsted conducted a full inspection of the College and awarded the College an overall 'Outstanding' in all categories. In February 2019, Ofsted reviewed the provision for residential students and awarded 'Outstanding' in all categories.

Hartpury is about more than just education; all of our students have the opportunity to engage in exercise and sporting activities at all levels. A key part of our offer is the opportunity for talented athletes to combine their studies with the opportunity to train and be coached in world class facilities. The breadth of our sporting academies has continued to grow with 8 sporting academies plus an athlete performance academy. Sporting success is part of Hartpury and during 2018/19 Hartpury FE students have achieved:

### Rugby

- RFU AASE U18 National Championship winners – 9th title in ten years
- Junior women's team won AASE National title at Rosslyn Park 7s for 5th time in six years



# HARTPURY COLLEGE OF FURTHER EDUCATION

## Directors' Report (continued)

- Junior women's team represented England RFU in Sanix International Youth Tournament in Japan in April
  - 17 players from Hartpury were involved in this year's men's and women's Six Nations tournament
- Football
- Junior men's won U18 England Schools' FA Elite Schools & Colleges National title.
- Golf
- Nominated for Junior Team of the Year at Glos Sports Awards
  - Juniors won AoC National Championship men's & women's team titles
  - Juniors won British Schools & Colleges Tour nett team title
  - Juniors won Intercollegiate Tour (ICT) national team gross & team nett titles
  - AoC National Champion – Julia Kerrigan
- Netball
- Junior netball finished 2nd at AoC National Championships, losing on countback after finishing level on points
- Rowing
- Junior rowing won 3 golds & 1 bronze at Junior Sculling Regatta at Dorney Lake
- Modern Pentathlon
- Josh Hood won his first international medal for Pentathlon GB in Portugal. Also shortlisted for TASS talented athlete award for 2018/19
  - Won team gold for boys and girls at U19 British Youth Modern Pentathlon Championships. Josh Hood won U19 individual boys' title

To support the continued growth in student numbers and engage more with industries we serve, further capital development has continued throughout this year.

In May 2019 the new £8.8m Sports Academy was officially opened by Dame Katherine Grainger. Now chair of UK Sport, Dame Katherine described the state-of-the-art facility, which further enhances Hartpury's reputation as a centre of sporting excellence, as "a place where magic will happen". The modern building features hi-tech equipment available nowhere else in the UK, specialist technology used by Premier League and NFL clubs in the United States, and a multi-sports hall featuring integrated cameras. The Sports Academy, which further enhances Hartpury's reputation as a centre of sporting excellence, includes a biomechanics laboratory, rehabilitation suite, a human performance laboratory, and a multi-sports hall. It provides students at Hartpury with access to the very latest tools for research into sports science, as well as sports training and fitness.

The development of a £2 million Hartpury Agri-Tech Centre – Tech to Plate Project, aimed at enhancing innovation in the farming industry, was completed in September 2019. The state-of-the-art facility will provide Hartpury students and the wider farming community with access to the very latest smart farming techniques and equipment. The project features three key buildings – the Agri-Tech Hub, Biosecurity Building and Livestock Handling Unit – to be used for hosting industry events.

The world in which Hartpury Group operates continues to evolve and change, the requirements placed upon us by government and our regulator, the Office for Students, are developing and becoming clearer. The impact of Brexit looms over all and whilst we can speculate and plan without a firm direction of travel the future remains uncertain. The challenges Hartpury College faces are similar to those others in the FE sector face, but we must continue to develop strategies which keep us ahead of the competition and which ensure we maintain and improve the excellence of all we do

Looking to the future, a new strategy for Hartpury to 2025 has been developed this year in conjunction with staff, governors and the industries that we serve. This strategy combined with a detailed financial strategy and underpinning masterplan for the site, provides the opportunity for Hartpury to continue to prosper and grow.

### PRINCIPAL RISKS AND UNCERTAINTIES

The College continues to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the Hartpury is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact. The internal controls are then implemented, and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College or changes to the external environment.

The College maintains a risk register which is reviewed at each Audit Committee meeting. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is underpinned by operational Risk Registers held within each department of the College.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those identified below may also adversely affect the Group.

#### 1. Recruitment and Retention of Students in an increasingly competitive environment

Failure to achieve recruitment and retention targets and planned student numbers leading to income targets not being achieved, impacting on Hartpury's cash flows and ability to invest in facilities.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training.
- Targets set for recruitment and retention and monitored on a monthly basis.

# HARTPURY COLLEGE OF FURTHER EDUCATION

## Directors' Report (continued)

- Reporting on KPIs at Board and Quality Enhancement and Standards Committee, management accounts to Strategy Finance and Resources Committee.
- Appropriate monitoring and review embedded within the FE Quality Cycle.
- Increase in marketing and conversion activity.
- Review of accommodation on site and transport routes to maximise recruitment.

### 2. Government funding / impact of Brexit

Major loss of funding or increase in delivery costs due to changing government priorities, policies and new funding mechanisms and the ability for Hartpury to respond promptly to such changing circumstances. Brexit has been assessed to have a medium impact on the College, we have a relatively small proportion of EU students each year (around 1% of FE students) and exposure to EU funding only through our main allocations from the ESFA.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements.
- By ensuring Hartpury is rigorous in delivering high quality education and training.
- Developing an understanding of the impact of Brexit on the supply chain and developing a process for mitigating any impacts of loss of supply or increased pricing of imports.
- Considerable focus and investment are placed on maintaining and managing key relationships with the various funding bodies.
- Ensuring Hartpury focuses on priority sectors which will continue to benefit from public funding.
- Hartpury has diversified its income stream across FE, HE and other commercial areas.
- Rigorous cost control to ensure Hartpury delivers surpluses year on year.

### 3. Protection of Student Experience

Failure to be able to protect student experience as student numbers grow.

This risk is mitigated by:

- Plans developed to grow and improve facilities and staffing levels to match growth in student numbers.
- Monitoring of student satisfaction and regular engagement with students throughout year to gauge satisfaction and respond to concern.

## STAKEHOLDER RELATIONSHIPS

In line with other colleges and universities, Hartpury College has many stakeholders. These include: -

- Students
- Education sector funding bodies
- FE Commissioner
- Staff
- Local employers (with specific links)
- Local authorities
- Local Enterprise Partnerships (LEPs)
- The local community
- Other FE and HE institutions
- Professional bodies

The College considers good communication with its staff to be very important and continues to operate Performance Appraisal Review annually. The College encourages staff and student involvement through membership of formal committees. The Staff and Management Forums are key in fostering staff involvement.

The Board approves public access to agendas and minutes of the Board and those of its sub-committees with the exception of those deemed by the Board to be confidential. Public access to this material will be available during normal working hours by application to the Clerk in writing.

It is also the policy of the Board that any staff, student or member of the public may attend a meeting at the express invitation of the Board.

### Public Benefit

Hartpury College is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016, is regulated by the Secretary of State for Education. The directors of the Board, who are trustees of the charity, are disclosed on page 10.

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

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

- High-quality teaching.
- Widening participation and tackling social exclusion.
- Excellent employment record for students.
- Strong student support systems.

# HARTPURY COLLEGE OF FURTHER EDUCATION

## Directors' Report (continued)

- Links with employers, industry and commerce.
- Links with Local Enterprise Partnerships (LEPs)

## Equality, Diversity and Inclusivity

Hartpury is committed to achieving universal acceptance and application of a working and learning environment free from harassment, intimidation and unlawful discrimination. It is also committed to taking positive action to promote such equality and diversity of opportunity in relation to recruitment (staff and students), promotion, training, learning, benefits, procedures and all terms and conditions of employment and all requirements that govern student regulations.

At Hartpury we are committed to valuing diversity and promoting equality. One of our Corporate Values is promoting respect for all and this means we create an inclusive and accessible environment that enables and promotes belonging and respect for staff, students and the wider community. We create an inclusive approach for both students and staff that promotes diversity, positive behaviours, builds effective relationships and enables all our students to develop and achieve the best possible outcomes. We value others for their contribution, irrespective of personal differences.

It is the obligation of all staff and students to respect and act in accordance with the Equality, Diversity & Inclusivity Policy and to actively promote it throughout their life at Hartpury.

Hartpury's commitment to Equality, Diversity and Inclusivity is:

- To confirm the commitment of Hartpury to the principle of equality, diversity and inclusivity for all.
- To ensure Hartpury complies with all laws and directives, relevant to equal opportunities, and procedures are in place to clarify and support this intention.
- To create an inclusive environment where differences are celebrated, and everyone is valued and respected.
- To ensure that Hartpury has a sound system of monitoring and review of progress so that good practice is identified, issues addressed, and a culture of equality and diversity is embedded in all aspects of the work of Hartpury.

It is the obligation of all staff and students to respect and act in accordance with the Equality, Diversity & Inclusivity Policy and to actively promote it throughout their life at Hartpury College.

Hartpury's Equality, Diversity & Inclusivity Policy together with other associated policies, our Single Equality Scheme and Equality & Inclusivity Objectives are published on Hartpury's website and Internet site.

The Equality, Diversity & Inclusivity Policy will be resourced, implemented and monitored on a planned basis. Our action plans and objectives are updated regularly and monitored by managers and the Board.

Hartpury has Disability Confident Employer status and has committed to the principles and objectives of this standard. Hartpury considers applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee or student becomes disabled, every effort is made to ensure that employment and learning with Hartpury continues. Hartpury's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

Hartpury has been awarded the Equality Standard Gold Award. This award recognises that Hartpury plans and promotes good equality and diversity practices within our workplace and with our service users. Hartpury also has 'Mindful Employer Charter' status.

## Disability statement

Hartpury encourages participation in its learning programmes by all sections of the community and the industries it serves. Hartpury will endeavour to ensure students with special educational needs and/or disabilities, including mental health, are able to follow a programme of study most suitable to their needs with appropriate support. This support will be monitored, reviewed and changed as necessary.

The Student Disability Policy complies with SEN Code of Practice 2015 and the Equality Act 2010. Hartpury's Equality, Diversity & Inclusivity Policy also states our commitment to ensure that no student receives less favourable treatment on the grounds of any physical or other disability. Hartpury will keep the policy and its implementation under review to ensure that appropriate support is given to students so they can achieve the learning goals or re-negotiate other appropriate learning outcomes within the duration of their course.

Hartpury is committed to responding to individual needs and will endeavour to ensure that all resources are accessible and available to all students throughout their learning journey. At interview and on admission, students will be eligible to receive the commitment outlined in the Hartpury Charter. An assessment of any help and support needed which relates to special educational needs / disability will also be conducted. If appropriate, Hartpury will seek professional recommendations, reports or background evidence to establish the level of support required.

Within the resource constraints, Hartpury will make every effort to provide reasonable adjustments to the campus, educational environment, including teaching rooms / timetables and accommodation to ensure a student's needs are met.

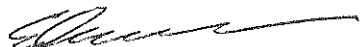
# HARTPURY COLLEGE OF FURTHER EDUCATION

## Directors' Report (continued)

### Disclosure of Information to Auditor

The Directors 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 auditor is unaware; and each director has taken all steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditor is aware of that information.

Approved by order of the Board on 21 November 2019 and signed on its behalf by:



E Keene  
*Chair of governors*

# HARTPURY COLLEGE OF FURTHER EDUCATION

## Statement of Corporate Governance and Internal Control (*continued*)

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

The College endeavours to conduct its business:

- In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- In full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code").

In the opinion of the Boards, the College either complies with or exceeds all the provisions within the Code, and it has complied throughout the year ended 31 July 2019. The Board 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 in March 2015, which it formally adopted in May 2015.

The College is a Company limited by guarantee.

### THE COLLEGE BOARD

Listed in the table below.

(Committee Key: S&G - Search and Governance, QuEST - Quality and Enhancement of Standards, A&R - Audit and Risk Management, SFR - Strategy, Finance and Resources, R&E - Remuneration and Employment)

Name	Date of Appointment or re-appointment <sup>4</sup> *	Term of office	Status of appointment	Committees served	Attendance	Note
Mr E Keene	9 Aug 2018	4 years		-	100%	
Mr R Marchant	1 Sept 2012	Ex-officio	Principal	SFR, S&G, QuEST	100%	
Mr G Van der Lely	16 Feb 2017	4 years		SFR, S&G, R&E	100%	
Mr G Papenfus	29 Jan 2015	4 years		A&R	83%	End of Term - 28 Jan 2019
Mrs B Buck	1 Sept 2018	4 years		A&R, QuEST	100%	
Mr P Brooke	12 July 2018	4 years		A&R, R&E	100%	
Ms H Wilkinson	12 July 2018	4 years		QuEST	73%	
Mr C Moody	12 July 2016	4 years		SFR, QuEST, S&G	94%	
Ms A Wood	9 Nov 2018	1 year	Student	QuEST	66%	End of Term - 31 Aug 2019
Mr S Lynn	1 Sept 2015	4 years	Staff	QuEST	91%	End of Term - 31 Aug 2019
College Board Overall Total Percentage Attendance					92%	

It is the Board's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board 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 Board meets each term.

The Board conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board. These committees are as follows:

Strategy, Finance and Resources	(SFR)
Remuneration and Employment	(R&E)
Audit and Risk Management	(A&R)
Search and Governance	(S&G)
Quality Enhancement and Standards	(QuEST)

<sup>4</sup> In the interests of openness and transparency dates quoted relate to appointment to predecessor organisation.

# HARTPURY COLLEGE OF FURTHER EDUCATION

## Statement of Corporate Governance and Internal Control (*continued*)

Full minutes of all meetings, except those deemed confidential by the Board, are available on the College's website at [www.hartpury.ac.uk](http://www.hartpury.ac.uk) or from the Clerk to the Board at:

Hartpury College  
Hartpury House  
Hartpury  
Gloucester  
GL19 3BE

The Clerk to the Board maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on a regular basis.

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

There is a clear division of responsibility in that the roles of the Chair and the Accounting Officer are separate.

### **Appointments to the Board**

Any new appointments to the Board are a matter for the consideration of the Board as a whole. The Board has a Search and Governance committee consisting of three members of the Board including the Principal, which is responsible for the selection and nomination of any new member for the Board's consideration. The Board is responsible for ensuring that appropriate training is provided as required.

Members of the Board are appointed for a term of office not exceeding four years. Members may be considered for re-appointment by the Search and Governance Committee – bearing in mind the need to balance renewal and corporate memory.

### **Board performance**

The Board assesses its performance in a number of ways including 1:1 meetings between the Chair and governors and regular self-assessment and review of performance indicators.

### **Remuneration and Employment Committee**

Throughout the year ended 31 July 2019, the College's Remuneration and Employment Committee comprised three members of the Board. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits package of the Principal and other senior members of staff.

Details of remuneration for the year ended 31 July 2019 are set out in note 4 to the financial statements.

### **Audit and Risk Management Committee**

The Audit and Risk Management Committee comprises two members of the Board and an external Co-opted Member. Membership does not include the Board Chair or Principal. The Committee operates in accordance with written terms of reference approved by the Board.

The Audit and Risk Management Committee meets three times per year and provides a forum for reporting by the College's internal reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of the College management. The Committee also receives and considers reports from the main FE funding body as they affect the College's business. The Committee also reviews the risk management processes and risks following management review and advises the Board.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit and Risk Management Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

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

### **The Strategy, Finance and Resources Committee**

The Strategy, Finance and Resources Committee comprises two members of the Board and the Principal. The Committee operates in accordance with written terms of reference approved by the Board.

# HARTPURY COLLEGE OF FURTHER EDUCATION

## Statement of Corporate Governance and Internal Control (*continued*)

The Strategy, Finance and Resources Committee meets four times per year and ensures that annual estimates of income and expenditure and annual financial accounts are prepared for approval by the Board and that financial performance against these annual estimates of income and expenditure are adequately monitored on behalf of the Board of Governors, that statements of financial performance are presented to the Board on a regular basis and that appropriate action is taken on matters raised as a consequence of such reports.

The Committee also ensures that a capital budget is prepared for approval by the Board, against which projects can be prioritised and to assist the College in identifying necessary funding sources and strategies to undertake such projects and to recommend major capital resource developments for final approval by the Board.

### INTERNAL CONTROL

#### ***Scope of responsibility***

The Board 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 Board has delegated the day-to-day responsibility to the Principal, as Accounting Officer, 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 he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Hartpury College and the funding bodies. He is also responsible for reporting to the Board 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 Hartpury College for the year ended 31 July 2019 and up to the date of approval of the annual report and accounts.

#### ***Capacity to handle risk***

The Board has 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 Board 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 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board.

#### ***The risk and control framework***

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

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

Hartpury College has an internal audit service, which operates in accordance with the requirements of the ESFA's 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 Board on the recommendation of the audit committee. At minimum, annually, the Head of Internal Audit (HIA) provides the Board 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 has responsibility for reviewing the effectiveness of the system of internal control. His 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 auditors and/or the reporting accountant for regularity assurance in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance (and risk committee, if appropriate), and a plan to address weaknesses and ensure continuous improvement of the system is in place.

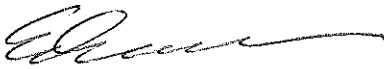
# HARTPURY COLLEGE OF FURTHER EDUCATION

## Statement of Corporate Governance and Internal Control (*continued*)

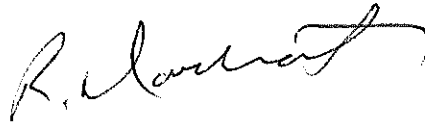
The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2019 meeting, the Board carried out the annual assessment for the year ended 31 July 2019 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2019.

Based on the advice of the Audit Committee and the Accounting Officer, the Board is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for *"the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets"*.

Approved by order of the members of the Board on 21 November 2019 and signed on its behalf by:



E Keene  
Chair of Board



R Marchant  
Principal



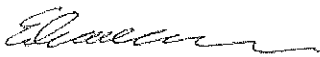
# HARTPURY COLLEGE OF FURTHER EDUCATION

## Statement of Regularity, Propriety and Compliance

The Board has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the Board's grant funding agreement and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

We confirm, on behalf of the Board, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the Board, or material non-compliance with terms and conditions of funding, under the Board's grant funding agreements and contract with ESFA, or any other public funder.

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.



E Keene  
Chair of Board  
21 November 2019



R Marchant  
Accounting Officer  
21 November 2019

# HARTPURY COLLEGE OF FURTHER EDUCATION

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with the terms and conditions of the College's grant funding agreements and contracts with the ESFA and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*, in accordance with the requirements of the *College Accounts Direction 2018 to 2019* issued by the ESFA.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the College and of the profit or loss of the College for that period. In preparing these financial statements, the directors are required to:

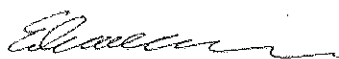
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the College's transactions and disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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

The directors 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 ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time. The directors must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, the directors are responsible for securing 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 from the ESFA are not put at risk.

Approved by order of the Board on 21 November 2019 and signed on its behalf by:



E Keene  
Chair of Board

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARTPURY COLLEGE OF FURTHER EDUCATION**

## **Opinion**

We have audited the financial statements of Hartpury College of Further Education ("the College") for the year ended 31 July 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2019, and of the College's income and expenditure, gains and losses and changes in reserves, and cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*.
- have been prepared in accordance with the requirements of the Companies Act 2006

## **Basis for opinion**

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

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

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

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

## **Going concern**

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

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

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

## **Other information**

The directors are responsible for the other information, which comprises the directors' report and the statement of corporate governance and internal control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion the director's report has been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 and the Post-16 Audit Code of Practice 2018 to 2019 (February 2019) issued by the Education and Skills Funding Agency we are required 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

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 16, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Rees Batley**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
 66 Queen square  
 Bristol  
 BS1 4BE

26 November 2019

## **Reporting Accountant's Report on Regularity to the Board of Hartpury College of Further Education and the Secretary of State for Education acting through the Department for Education ("the Department")**

In accordance with the terms of our engagement letter dated 16 October 2017 and further to the requirements of the funding agreement with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Hartpury College of Further Education ("the College") during the period from 1 August 2018 to 31 July 2019 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 Department. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record returns, for which the Department has other assurance arrangements in place.

This report is made solely to the Board of the College and Department in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Board of the College and the Department 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 Board of the College and the Department for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Hartpury College of Further Education and the reporting accountant**

The Board of the College 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 is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which 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 from 1 August 2018 to 31 July 2019 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 jointly by the Department. 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.

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 of the College's income and expenditure.


The work undertaken to draw our conclusion includes:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the directors' statement on regularity, propriety and compliance with the framework of authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive, and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Code.

### **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 from 1 August 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

  
Rees Batley

**For and on behalf of KPMG LLP, Reporting Accountant**

Chartered Accountants  
66 Queen Square  
Bristol  
BS1 4BE

26 November 2019

# HARTPURY COLLEGE OF FURTHER EDUCATION

## Statement of Comprehensive Income Year ended 31 July 2019

	Notes	2019 £
<b>INCOME</b>		
Funding body grants	2	10,263,810
Tuition fees and education contracts	3	617,719
<b>Total income</b>		<b>10,881,529</b>
<b>EXPENDITURE</b>		
Staff costs	4	4,812,397
Other operating expenses	5	5,201,326
<b>Total expenditure</b>		<b>10,013,723</b>
<b>Surplus before tax</b>		<b>867,806</b>
Taxation		-
<b>Surplus for the year</b>		<b>867,806</b>
<b>Total Comprehensive Income for the year</b>		<b>867,806</b>
<b>Represented by:</b>		
Restricted comprehensive income		-
Unrestricted comprehensive income		867,806
		<b>867,806</b>

The notes on pages 23 to 29 form part of these financial statements.

All activities relate to continuing operations.

# HARTPURY COLLEGE OF FURTHER EDUCATION

## Statement of Changes in Reserves Year ended 31 July 2019

	Income and expenditure account £	Total excluding Non-controlling interest £	Total £
<b>Balance at 31 July 2018</b>	-	-	-
Surplus from the income and expenditure account	867,806	867,806	867,806
Other comprehensive income	-	-	-
Total comprehensive income for the year	<u>867,806</u>	<u>867,806</u>	<u>867,806</u>
<b>Balance at 31 July 2019</b>	<u>867,806</u>	<u>867,806</u>	<u>867,806</u>

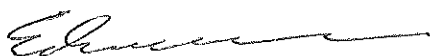
The notes on pages 23 to 29 form part of these financial statements.

# HARTPURY COLLEGE OF FURTHER EDUCATION

## Balance Sheet as at 31 July 2019

	Notes	2019 £
<b>Current Assets</b>		
Trade and other receivables	6	1,362,963
Cash and cash equivalents	8	<u>1,012,071</u>
		2,375,034
<b>Less: Creditors – amounts falling due within one year</b>	7	(1,507,228)
<b>Total net assets</b>		<u>867,806</u>
 <b>Unrestricted Reserves</b>		
Income and expenditure account		867,806
<b>Total unrestricted reserves</b>		<u>867,806</u>

The financial statements on pages 19 to 29 were approved and authorised for issue by the Board on 21 November 2019 and were signed on its behalf on that date by:



E Keene  
Chair of Governors



R Marchant  
Accounting Officer

Company registration number: 11180792

The notes on pages 23 to 29 form part of these financial statements.



# HARTPURY COLLEGE OF FURTHER EDUCATION

## Statement of Cash Flows Year ended 31 July 2019

	2019 £
<b>Cash flow from operating activities</b>	
Surplus from the year	<b>867,806</b>
<b>Adjustments for non-cash items</b>	
(Increase) in debtors	(1,362,963)
Increase in creditors due within one year	1,507,228
<b>Net cash flows from operating activities</b>	<b><u>1,012,071</u></b>
<b>(Decrease)/Increase in cash and cash equivalents in the year</b>	<b><u>1,012,071</u></b>
Cash and cash equivalents at beginning of the year	-
Cash and cash equivalents at the end of the year	<b>1,012,071</b>

The notes on pages 23 to 29 form part of these financial statements

# HARTPURY COLLEGE OF FURTHER EDUCATION

## Notes to the financial statements

Year Ended 31 July 2019

### 1. Statement of Principal Accounting Policies

#### **Statement of compliance**

The College's financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education issued in 2019.

The College is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

#### **Basis of preparation**

The College's financial statements have been prepared under the historical cost convention (modified by the revaluation of certain financial assets and liabilities at fair value)

The College's activities, together with the factors likely to affect its future development, performance and position, are set out in the operational and financial review which forms part of the Director's Report. The Board's Report also describes the financial position of the College, its cash flows, liquidity position and borrowing facilities. The Board of Governors has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. The College continues to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Income recognition**

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

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Education contracts are recognised when the College is entitled to the income, which is the period in which students are studying, or where relevant, when performance conditions have been met.

Investment income is credited to the statement of income and expenditure on a receivable basis.

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

#### **Grant funding**

Government revenue grants including funding body block grant and research grants are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Funding body recurrent grants received from the Education and Skills Funding Agency (ESFA) are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income and Expenditure. The final grant income is normally determined with the conclusion of the year end reconciliation process with the ESFA following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is the therefore not subject to contract adjustments.

#### **Accounting for retirement benefits**

The principal pension scheme for the College's staff is the Teachers' Pension Scheme (TPS). The schemes are a defined benefit scheme, which is externally funded and contracted out of the State Second Pension (S2P). The fund is valued every three years by professionally qualified independent actuaries.

The TPS is an unfunded scheme. Contributions to the TPS are calculated 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 payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

# **HARTPURY COLLEGE OF FURTHER EDUCATION**

## **Notes to the financial statements (continued)**

### **Year Ended 31 July 2019**

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

#### ***Employment Benefits***

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

#### ***Cash and cash equivalents***

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

Cash equivalents are short term (maturity being less than three months from the placement date), highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### ***Provisions, contingent liabilities and contingent assets***

Provisions are recognised in the financial statements when:

1. The College has a present obligation (legal or constructive) as a result of a past event;
2. It is probable that an outflow of economic benefits will be required to settle the obligation; and
3. A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks to the liability.

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

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

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

#### ***Taxation***

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided in full on timing differences that exist at the reporting date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the reporting date. Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are not discounted.

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

The College receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on expenditure (revenue and capital) is included in the cost of such expenditure. Any irrecoverable VAT allocated to fixed assets is included in their costs.

#### ***Financial instruments***

The College has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, Measurement, and disclosure of financial instruments. Financial assets and liabilities are recognised when the College becomes party to the contractual provision of the instrument, and they are classified accordingly to the substance of the contractual arrangements entered into.

# **HARTPURY COLLEGE OF FURTHER EDUCATION**

## **Notes to the financial statements (continued)**

### **Year Ended 31 July 2019**

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention wither to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### *Financial assets*

Basic financial assets include trade and other receivables, cash and cash equivalents, and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate if interest. Such assets are subsequently carried at amortised cost using the effective interest method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive income. Where the investment in equity instruments are not publicly traded and where the fair value cannot be readily measured the assets are measured at cost less impairment.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

#### *Financial liabilities*

Basic financial liabilities include trade and other payables, bank loans, and intra-group loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised costs using the effective interest rate method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and subsequently re-measured at their fair value at the reporting date. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

To the extent that the College enters into forward foreign exchange contracts which remain unsettled at the reporting date the fair value of the contracts is reviewed at that date. The initial fair value is measured as the transaction price in the date of inception of the contracts. Subsequent valuations are considered on the basis of the forward rates for those unsettled contracts at the reporting date. The College does not apply hedge accounting in respect of forward foreign exchange contracts held to manage cash flow exposures of forecast transactions denominated in foreign currencies.

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

#### **Reserves**

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

Other restricted reserves include balances where the donor has designated a specific purpose and therefore must hold in perpetuity.

#### **Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of the College's financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These judgements, estimates, and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

# HARTPURY COLLEGE OF FURTHER EDUCATION

## Notes to the financial statements (continued)

Year Ended 31 July 2019

Management consider the areas set out below to be those where critical accounting judgements have been applied and the resulting estimates and assumptions may lead to adjustments to the future carrying amounts of assets and liabilities.

1. Judgement is applied in determining the value and timing of certain income items to be recognised in the financial statements. This includes determining when performance related conditions have been met.
2. 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.

### 2. Funding Body Grants

	2019
	£
<b>Recurrent grants</b>	
Education and Skills Funding Agency – adult	254,457
Education and Skills Funding Agency – 16 – 18	9,943,137
Education and Skills Funding Agency – apprenticeships	66,216
<b>Total</b>	<u>10,263,810</u>

### 3. Tuition fees and education contracts

	2019
	£
Adult education fees	263,744
International student fees	286,141
<b>Total tuition fees</b>	<u>549,885</u>
Education contracts	67,834
<b>Total</b>	<u>617,719</u>

### 4. Staff costs

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents, was:

	2019
	Number
Teaching staff	177
Non-Teaching staff	2
	<u>179</u>

### Staff costs for the above persons

	2019
	£
Wages and salaries	3,895,462
Social security costs and apprentice levy	364,489
Other pension costs	552,446
<b>Total Staff costs</b>	<u>4,812,397</u>

### 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 Senior Management Team which comprises the Principal and Vice-Principal – Further Education.

### Emoluments of key management personnel, Accounting Officer and other higher paid staff

	2019
	Number
The number of key management personnel including the Accounting Officer was:	<u>2</u>

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:

# HARTPURY COLLEGE OF FURTHER EDUCATION

## Notes to the financial statements (continued)

Year Ended 31 July 2019

	Key management personnel 2019 Number	Other staff 2019 Number
£60,000 to £70,000 p.a.	-	-
£70,001 to £80,000 p.a.	1	-
£80,001 to £90,000 p.a.	1	-

Key management personnel emoluments are made up as follows:

	2019 £
Salaries	164,358
Benefits in kind	-
	<hr/> 164,358
Pension contributions	28,817
<b>Total emoluments</b>	<hr/> <b>193,175</b> <hr/>

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 include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2019 £
Salaries	76,441
Benefits in kind	-
	<hr/> 76,441
Pension contributions	14,328
	<hr/> <b>90,769</b> <hr/>

The pension contributions in respect of the Accounting Officer and senior post holders are in respect of employer's contributions to the Teachers' Pension Scheme and are paid at the same rate as for other employees.

The Board adopted the Committee of University Chairs (CUC) June 2018 Higher Education Senior Staff Remuneration Code in July 2018 and assesses pay in line with its principles.

The remuneration package of the Principal is subject to annual review by the Remuneration and Employment Committee of the Board which uses benchmarking information to provide objective guidance. This includes consideration of the Association of Colleges Senior Pay Survey which enables comparator by land-based colleges, all colleges, income, region and structure (with salaries banded into quartiles); salary scales and pay levels across the wider institution; performance – individual and institution; and, in the last two years, Vice-Chancellor Remuneration data.

The Principal, reports to the Chair of the Board, who undertakes an annual review of his performance against Hartpury Group's overall objectives and those specific to Hartpury College using both qualitative and quantitative measures of performance.

In the last two years Hartpury's achievement of its strategic goals has been significant with the key transition to university status in line with its ambitions in place from 13<sup>th</sup> September 2018. Its quality has been recognised with Teaching Excellence Framework (TEF) Gold achieved June 2017 and confirmed as retained for two further years in July 2019, its FE provision was graded outstanding by OFSTED in 2018 and OFSTED also reassessed its residential accommodation as outstanding in 2019. Recruitment of both HE and FE students has grown, despite the challenges within the sectors, particularly in relation to demographic decline of key markets. This performance, along with achievement of the University's financial plan are key elements used in assessment of remuneration for senior staff. The Principal was recognised as being of key importance in the achievement of these goals and ensuring successful management of the organisation through the transition.

The organisation's structure has increased in complexity with transition to university status, whilst continuing to operate a further education college as a subsidiary company limited by guarantee and meeting the regulatory framework of the higher education and further education sectors. Hartpury is committed to ensuring equity of esteem for both further and higher education. Hartpury continues to work consistently and effectively towards its mission to be a specialist niche provider delivering relevant, effective and high-quality education and training for employment in sport, equine, animal and agricultural industries; locally, regionally, nationally and internationally and manages its recruitment to balance the need to meet this range of markets.

The Principal has been in place since 2012 and was in place throughout the year and continues to hold office.

Relationship of Principal pay<sup>5</sup> and remuneration expressed as a multiple:

Principal's basic salary as a multiple of the median to all staff 2.6

<sup>5</sup> The Principal's pay used to calculate this ratio represents 50% of his salary with the balance being met by Hartpury University, as his is a shared post.

# HARTPURY COLLEGE OF FURTHER EDUCATION

## Notes to the financial statements (continued)

Year Ended 31 July 2019

Principal's total remuneration as a multiple of the median of all staff 2.6

### Compensation for loss of office paid to former key management personnel

2019

Compensation paid to the former post-holder

£  
-

The members of the Board other than the Accounting Officer and the staff member did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

### 5. Other operating expenses

2019

Teaching costs	£ 711,201
Non-teaching costs	4,490,125
<b>Total</b>	<u>5,201,326</u>

#### Other operating expenses include:

2019

Auditors' remuneration	£
Financial statements audit	<u>6,750</u>

### 6. Trade and other receivables

2019

<b>Amounts falling due within one year:</b>	£
Amounts owed by parent undertakings	1,334,538
Prepayments and accrued income	28,425
<b>Total</b>	<u>1,362,963</u>

### 7. Creditors: amounts falling due within one year

2019

Trade payables	£ 167,125
Other taxation and social security	150,546
Accruals and deferred income	185,710
Amounts owed to ESFA	<u>1,003,847</u>
Other Creditors	<u>1,507,228</u>

### 8. Cash and cash equivalents

	At 1 August 2018	Cash flows	Other Changes	At 31 July 2019
	£	£	£	£
Cash and cash equivalents	-	1,012,071	-	1,012,071
Overdrafts	-	-	-	-
	<u>-</u>	<u>1,012,071</u>	<u>-</u>	<u>1,012,071</u>

### 9. Defined benefit obligations

The College's employees belong to the Teachers' Pension Scheme England and Wales (TPS), which is a multi-employer defined-benefit plan.

2019

<b>Total pension costs for the year</b>	£
Teachers' Pension Scheme: contributions paid	552,456
<b>Total Pension Costs for Year within staff costs</b>	<u>552,456</u>

Contributions amounting to £66,197 were payable to the scheme at 31 July 2019 and are included in creditors.

#### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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.

# HARTPURY COLLEGE OF FURTHER EDUCATION

## Notes to the financial statements (continued)

### Year Ended 31 July 2019

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. Hartpury is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the Group 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 Group has set out above the information available on the plan and the implications for the Group in terms of 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 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 £20 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 during the 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 £552,456.

#### 10. Related party transactions

No Governor has received any remuneration or waived payments from the College during the year.

The College has taken advantage of the exemption permitted by FRS102 Section 33 (Related Party Disclosures), available to group undertakings where 100% of the voting rights are controlled within the group and where consolidated financial statements are publicly available, not to disclose transactions with other group companies within these Financial Statements.

#### 11. Amounts disbursed as agent

	2019
	£
Funding body grants – discretionary learner support	157,601
Funding body grants – residential bursaries	<u>519,042</u>
	676,643
Disbursed to students	(540,604)
Administration costs	<u>(33,832)</u>
Unspent funds as at 31 July 2019	<u>102,207</u>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.