

Registered number: 08615826
Charity number: 1153280

DERWEN COLLEGE

TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020



DERWEN COLLEGE

CONTENTS

	Page
Reference and administrative details of the College, its Trustees and advisers	1 - 2
Trustees' report	3 - 25
Independent auditors' report on the financial statements	26 - 28
Statement of financial activities	29 - 30
Balance sheet	31 - 32
Statement of cash flows	33
Notes to the financial statements	34 - 54

DERWEN COLLEGE

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COLLEGE, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 DECEMBER 2020

Trustees

Mrs K Kimber, Chair
Cllr K L Childs, Wrexham Council Nominee (resigned 12 January 2021)
Mrs B L Court
Mr M Cowan
Mrs H V Cox
Mr D P Evison
Mr P D Jones (resigned 12 March 2020)
Mrs G P Richards (resigned 25 April 2020)
Cllr D P Milner, Shropshire Council Nominee
Mrs H C Owens
Mrs H Smith
Mr J E Ward, Vice Chair

Company registered number

08615826

Charity registered number

1153280

Registered office

Derwen College, Whittington Road, Gobowen, Oswestry, Shropshire, SY11 3JA

Telephone : 01691 661234

Website : www.derwen.ac.uk

Principal operating office

Whittington Road, Gobowen, Oswestry, Shropshire, SY11 3JA

DERWEN COLLEGE

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COLLEGE, ITS TRUSTEES AND ADVISERS
(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Patron

H.R.H. The Duchess of Kent

Independent auditors

WR Partners, Belmont House, Shrewsbury Business Park, Shrewsbury, Shropshire, SY2 6LG

Bankers

Lloyds plc, 28 Regent Street, Wrexham, Clywd, LL11 1SE

Solicitors

Lanyon Bowdler, 39-41 Church Street, Oswestry, SY11 2SZ

Clerk to Governors and Company Secretary

Mrs C Thompson

Senior management team

Mrs M Green, Principal and Chief Executive Officer
Miss N Bellis, Director Human Resources and Estates
Miss K George, Director Clinical, Care and Therapy
Mr A Smith, Director Business and Finance

DERWEN COLLEGE

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees, who are also the directors, present their annual report together with the audited financial statements of the Derwen College for the year 1 January 2020 to 31 December 2020.

The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Governors confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the second edition Charities Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

The Trustees, who are also the directors of the Derwen College charity, here report on the main activities of the College in 2020.

- Kathleen Kimber – Chair and Chair of Governance & Search
- Jamie Ward – Vice Chair and Chair of Resources and Business
- Barbara Court – Chair of Audit & Risk Assurance
- Mick Cowan – Chair of Standards & Effectiveness
- Krista Childs – Councillor nominated by Wrexham Council
- Vicki Cox
- Paul Crosby – co-opted to Resources & Business 16 July 20
- Kay Eaton – co-opted committee member - resigned 19 November 2020
- Paul Evison
- Mark Lord – co-opted to Resources & Business 22 October 20
- Peter Jones – resigned 12 March 20
- Paul Milner – Councillor nominated by Shropshire Council
- Helen Owens
- Gillian Richards – resigned 25 April 20
- Helen Smith
- Tom Welti – co-opted to Resources and Business 22 October 20
- Amanda Williams – co-opted to Standards & Effectiveness 16 July 20



Carol Thompson Clerk to the Board of Trustees

We record our thanks to all trustees and co-opted committee members for their commitment and work. Co-opted members of committees receive all papers and attend all Board meetings.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Strategic Report

Objectives and activities

a. Policies and objectives

The objectives of Derwen College – where learning comes to life

The College is a national specialist college for day and residential learners. It is a renowned centre of excellence for the training and development of students with Special Educational Needs and Disabilities (SEND).

Our Mission: To educate, inspire and empower young adults to lead the lives they choose – transforming lives.

Our Vision: A world without barriers for people with SEND.

The current context and challenges

Derwen College, a charity of over 90 years' standing, is proud to report on a year in which the staff have risen magnificently to the demands of the Covid-19 pandemic and ensured that students and clients benefited from high quality provision and experiences and stayed safe. The College has pursued new developments and project plans and begins 2021 with continued optimism and in a sound position.



Recent annual reports have started with a reference to the 'unprecedented challenges' faced by colleges and those providing for students with special educational needs and disabilities. However, from February 2020 it was clear that the challenges to be faced in the current year were of a totally different order; they would require exceptional leadership, the ability to respond rapidly to changing situations, a focus on safety and risk management, creativity and well-honed IT skills in delivering learning – and above all commitment and stamina.

The College has remained open, as the Government required, throughout the entire year. As a provider for vulnerable people it has continued to offer its services, although they have been very differently delivered. As many of the beneficiaries are considered clinically extremely vulnerable, a definition which widened as months went by, very close scrutiny of all arrangements has been essential. Each individual has a nominated lead person and regular risk assessments have been made. Some students returned home for a period and during the first lock down the majority were benefitting for a while from on-line delivery of the curriculum. However, all students have been present at times and each is living and working within specific bubbles: curricular; residential students; day students; clients.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

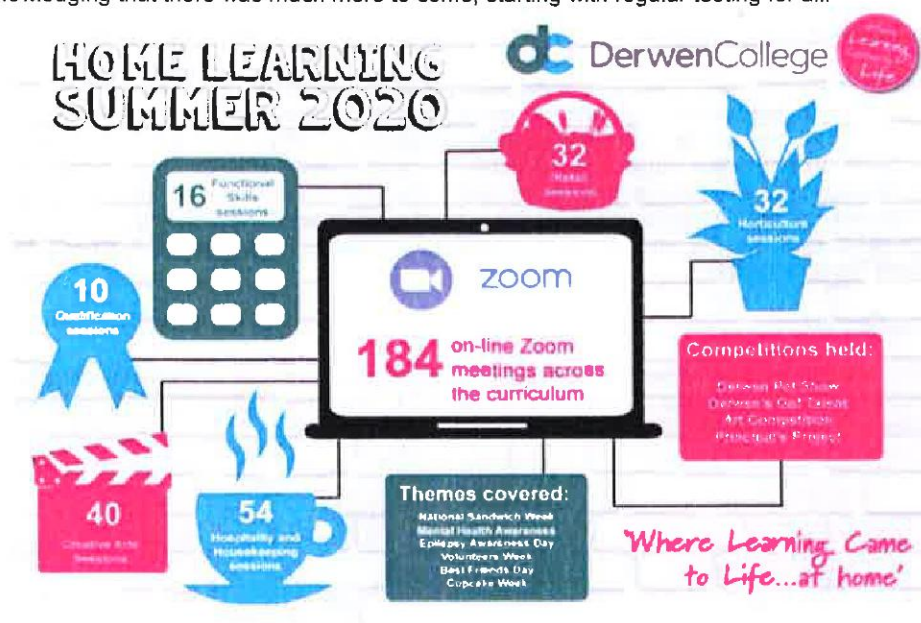
Objectives and activities (continued)

Detailed procedures were rapidly put in place for monitoring, sanitisation, equipment and computer supply, isolation (if needed), website information pages for access by parents and carers, and safe working practices. These have included mask and face coverings, cleaning routines, meeting and meeting room protocols, testing, communication methods and networks. The majority of external activities ceased immediately while others, including work experience at locations outside the College, were subject to increased levels of risk assessment and continued only while deemed safe to do so. Customer-facing outlets closed to the public when students were on site. Only essential visitors were allowed on site, e.g. for critical maintenance. Students did not move between sites. Reviews on site were cancelled as were the Sponsored Walk and Summer Fete. On-line and blended learning became a norm. The word 'virtual' became the most frequently used, and included Open Days, the students' Summer Prom and the November Graduation ceremony. One-way routes were introduced. The situation was new, characterised by constant, and not infrequently rapid, change, driven by regulation and guidance from the Government and authorities.

The senior team's response has been rapid, thorough, professional and positive, although their comments reflect the reality:

*I aged ten years in the first fortnight
We're still working at 100 miles an hour*

They provide calm, efficient and confident leadership. Staff have responded with amazing commitment, focusing on the wellbeing of students and clients, complying with all regulations and adaptations of them, and revealing astounding creativity in devising the ways of delivering the curriculum and keeping active on-line and in bubbles. Above all outstanding efforts have been made to ensure there is fun and that attitudes remain positive. The site was full of colour in December when there was a window dressing competition, and the drone videoed the Santa Dash around the buildings as each bubble took up its allotted time slot. The trustees have continued their work and deliberations with staff, and found ways of regularly supporting the leadership, but the lack of contact with students and clients is most keenly felt. The year ended with everyone acknowledging that there was much more to come, starting with regular testing for all.



We have reflected previously on the reduction in the number of residential students in the College, with the number of day students not fully compensating for this loss. However, after three years of decline the probability of a little more stability is perceived.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Objectives and activities (continued)

<i>Total Cohort as at September</i>	<i>Main campus Residential</i>	<i>Main campus Day</i>	<i>Satellites</i>
2017	151	25	22
2018	105	22	24
2019	97	23	25
2020	81	17	30

There is no lack of interest but it must all be met differently. Virtual Open Days are now being planned regularly and transition events are all being done virtually, with the College response tailored to specific requirements.

A report on high needs funding was published on 3 December 2020. It was commissioned by the Local Government Association, the Association of Colleges and Natspec, the membership body for specialist colleges. It highlights that the system is overly complicated, resulting in young people, their parents, councils and colleges facing challenges which have a detrimental impact on those students in further education with special educational needs and disabilities (SEND). Part of the problem is that there is too little long-term planning of post-16 High Needs provision. The College echoes the words of Clare Howard, the CEO of Natspec:

The detrimental effects of the system on all young people are amplified for the small number with the most complex needs, who require more specialist provision. We welcome the recommendations that specialist colleges should be more involved in planning provision with local authorities, that decisions should be made earlier, and that young people should be more supported with transition.

The Student Experience During 2020

Students adapted to the changed working arrangements positively and generally calmly. Efforts were made to ensure that, when they were not on site, all had the devices needed and that home-working was fully supported. It was, however, recognised, that not all had the same access to quiet conditions or family members familiar with on-line activity. Much progress has been made and this situation is constantly monitored. Relationships between families and the College have changed significantly; they are stronger and more open. Students have embraced on-line learning, bubbles and social distancing requirements and demonstrated just how capable they are. Significantly, students have worked on their independence skills when at home, and not treated the time as 'holiday'. The curriculum has been delivered, and Education, Health and Care Plans progressed.

The main programmes

The curriculum recognises the increasing complexity of the students' range of learning difficulties and disabilities and maximises opportunities for development leading to access to work and meaningful activity after College. Analysis of destination data and regular review underpin the provision.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

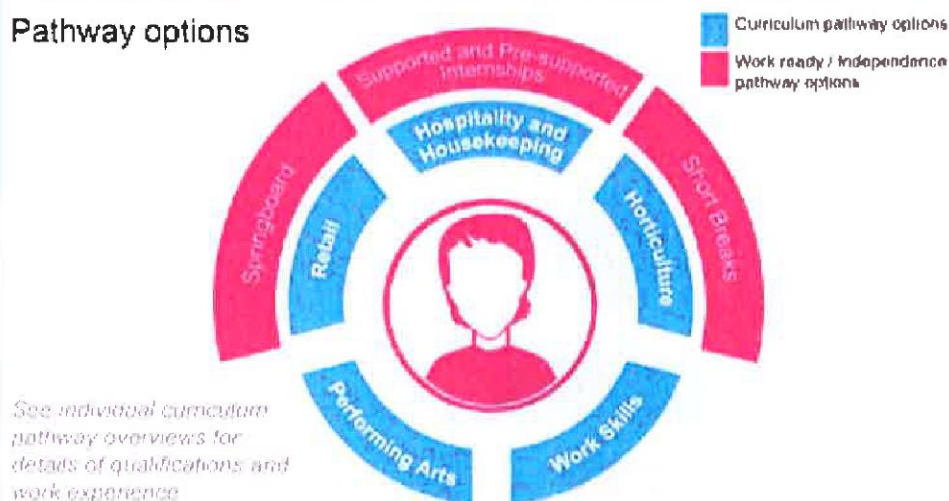
Objectives and activities (continued)

Curriculum Overview

Embedded Learning, Enrichment and Support in every programme



Pathway options



Possible outcomes for Derwen students

- Work-ready skills leading to paid or voluntary work
- Independence skills leading to living in Supported Living
- Purposeful choice making
- Further education

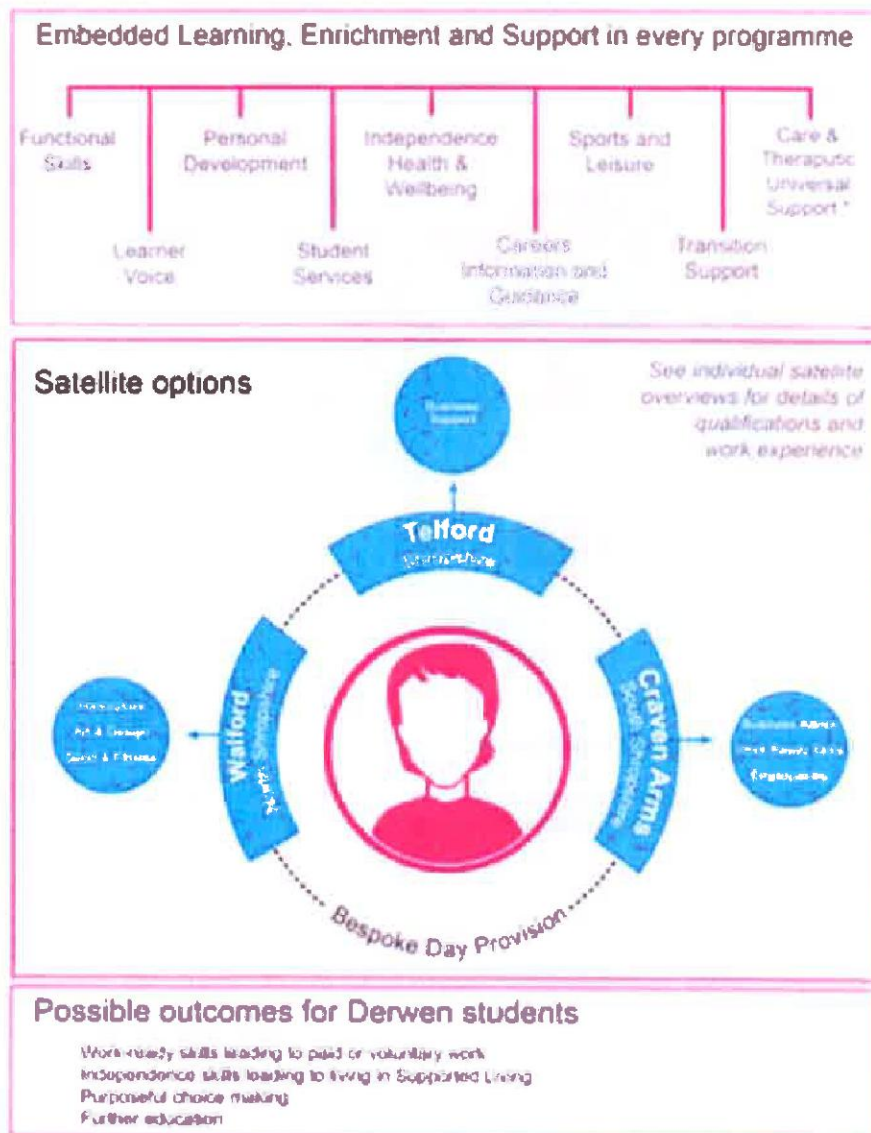
* Access to clinical therapies is dependent upon appropriate funding

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Objectives and activities (continued)



Satellites Curriculum Overview



* Access to specialist clinical therapies is dependent upon appropriate funding

www.derwen.ac.uk/learning

Last updated Dec 20

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Objectives and activities (continued)

The College's specialism continues to be the provision of real experiences of work in customer-facing settings. The 'Work Skills Pathway' is designed for those not ready for a purely vocational route and for those for whom development of employability skills is not the primary learning outcome.

A learner's programme is specific to his or her needs and aspirations. The development of specific understanding and skills which will be invaluable in the workplace, is underpinned by functional skills and work experience. It becomes more rounded and transferable through creative activity and independence development. Health and wellbeing, personal care programmes, and sport and leisure activities contribute to a student's ability to act and live independently.

Access to all provision is enabled through appropriate speech and language therapy, physiotherapy, occupational therapy and counselling services provided as appropriate for each individual by the specialist staff team. Nursing staff oversee the use of medication and train care staff in supporting students, as appropriate, to manage their own medication.

Curriculum staff and Personal Tutors support students with the setting and monitoring of demanding targets, and offer advice and guidance to support decision making for the future.

Independence and personal development, well-being and safeguarding

A recognised significant strength of the College is the emphasis on developing students' independence and personal skills, focusing on living in today's society and each individual's wellbeing. Safeguarding is a major pre-occupation and risk assessments have taken on an even greater importance. A huge amount of time, effort and expertise is spent on these. Transition planning and support underpins outcomes.

Staff working on the Independence curriculum contribute to students' ability to move towards increased autonomy. All student meals are prepared and taken within their residences in a model closely aligned to the type of setting they are most likely to move on to after college. Students are taught about managing their medication. Rigorous attention has been paid to developing travel skills with a 'dusk walker' assessment for learners wanting to access the community in the evening. Significantly improved day-student facilities have aided independence development. Home learning has been supported extremely well with a wide range of activities on offer to engage and motivate students to continue to use and develop their independence skills whilst at home and share their achievements through social media.

The College has worked particularly closely with learners around issues of feeling safe and knowing what to do if they wish to raise a concern. Of particular note is the support and training for on-line safety. Creative approaches are employed to develop learners' safe access to social media. Where issues are identified bespoke strategies are put in place.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Objectives and activities (continued)



DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Objectives and activities (continued)



DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Objectives and activities (continued)

The Personal, Social and Health Education team focus on delivering discrete sessions in Rights and Cultures, Relationships, Drugs and Alcohol Awareness, Moving On and Online Safety for all levels from pre-entry level to Level 2. Online delivery during Covid-19 was further supported by both the Online Safety Coordinator and Transition Coordinator with a wide variety of key themes covered such as cyber bullying, equality / Black Lives Matter Movement, problem solving, mental health awareness, Covid 19 support and preparing for transition. During the summer term the PSHE team led approximately 80 Zoom sessions.

• *'I just want to say a huge thank you for your support for X this term. She has very much enjoyed the zoom meetings keeping you all connected. It has been so important during this time. I would also like to take this opportunity to feedback how impressed we've been with your resources and delivery.'* (from a parent 7.7.20).

The very active Student Union Board have continued their deliberations. The officers fulfil many important roles, including being members of the groups with oversight of Safeguarding, Prevent, Equality, diversity and inclusion, Health and safety and Infection prevention and control. In addition, they are involved in staff interview panels.

Following the major investment in 2019 in training for all staff by the British Institute of Learning Difficulties (BILD) to strengthen positive behaviour support (PBS) and practice, the PBS coaches and functional assessors now work across the College. PBS is a person-centred framework for providing long-term support to students who may be at risk of developing behaviours which challenge. It is a blend of person-centred values and of behavioural science, and uses evidence to inform decision making which in turn improves the quality of life for all. It has had an extremely positive impact.

The wellbeing programme has been further developed. Sport and leisure activities are of critical importance to students' wellbeing and development. The range of evening and weekend clubs and activities is impressive and the drive of the staff to involve and challenge students is noteworthy, as has been the extent to which the programme has been adapted to meet the special 2020 circumstances. Zoom bingo sessions became very popular.



The numbers involved in the Duke of Edinburgh's Award Scheme and their achievements continue to amaze and the College is recognised as an outstanding centre for the Scheme. For each award, participation in four categories is required: volunteering, physical exercise, skills development and expedition. The DofE College staff team have prepared plans and costs for developing the Derwen Estates area into a base for their provision and activities. Applications will be made to secure funding and it is envisaged that once completed, the facility will be offered for hire to other appropriate DofE organisations.

This year 61 students on main campus were enrolled on the Scheme. For the first time the satellites joined with the Duke of Edinburgh programme, with 8 students who attend our satellite sites being enrolled.

Work experience and some ground-breaking apps

Work experience is an integral part of the Study Programme. A particular strength of the College are the excellent real work opportunities provided within the commercial outlets on the College perimeter: the Orangery restaurant, the Garden Café, the Garden Centre and its transformed shop, the Karten Print Centre. These have been adapted to comply with pandemic regulations. In the Food Centre, students produce chutneys, jams, bread and cakes. Their creative talents have been on display and for sale in the Garden Centre. The new, in-house takeaway, 'Tip Top Take Out', has provided valuable experience and students were also getting involved with on-line sales through the Derwen on-line shop and new eBay site.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Objectives and activities (continued)

The College has focused much attention on how students with significant special educational needs and disabilities are supported to learn, to develop their skills and move into the workplace. What to the majority are the most basic tasks, present huge challenges to our students, which are not met simply by constant repetition, and more complex tasks cannot just be watered down. With the technological support of our industry partner, Neil Bevan, director of Starfish Labs, the College has developed a unique suite of apps – for mobile devices – which transform students' performance and develop skills and confidence. The apps break down tasks into easy to follow steps, incorporating pictures, Makaton symbols and simple sentences.

Four apps are in use currently:

Digital CV builder app: students create and securely send a CV incorporating videos and documentary evidence of skills.

Premier Inn app: The Premier Inn training manual, converted for use in the College's training hotel, Premier Inn placements and post-college employment.

Getting to Work app: users set up reminders for tasks: when to get up, take medication, appropriate workwear, and support to plan their journey.

My workplace app: is customised to take a user step-by-step through individual tasks necessary in any given workplace, from making a cup of coffee in a café to sorting clothes in a charity shop.

In July the College won the Natspec Award for the *Innovative Use of Technology* for this development work, the subject of further award applications and interest from overseas.

The residents' experience during 2020

For many years the College has been home for over thirty people with special educational needs and disabilities, referred to, at their request, as 'clients'. Recent reviews of the supported living arrangements for them have led to a change in the management and staffing structure and attempts to broaden the range of meaningful activity available for them.

Of particular note has been the positive impact of the pandemic. Working with staff new to them, finding fewer students on the campus and not having access to College catering facilities, the Orangery and Garden Café, has led to changed ways of living. Residents have had to make all their own meals. They have learnt how to do on-line shopping. One resident, as a result of the changes, lost weight in a healthy way and is no longer diabetic. The staff report that the residents 'have come alive' and have been empowered to become more independent. These developments will be built upon.

Development projects and the College sites

The facilities at the College remain outstanding. Following its review of all properties and land, decisions to release and adapt properties, land and buildings have been actioned. The four Twmpath Cottages were sold in December. 3.5 acres of land off Southlands Avenue, with outline planning permission for development, was put on the market and is the subject of negotiation.



DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Objectives and activities (continued)

The hydrotherapy pool opened in September 2019, has been well used and has been particularly important in the support of a learner with multiple disabilities.

The satellite provision is under constant review to ensure it best meets the needs of the students they serve. A decision was taken to close **ColegDerwen@Ashdale** and the students and staff moved to main site, where they were better accommodated. Ashdale House was sold in December.

In response to identified need in the Telford and Wrekin area, and working closely with the local authority, a new satellite opened in September in Telford: **Derwen@Telford**. It has a first year intake of eleven students and enquiries for entry in September 2021. In February the decision was taken to relocate **Derwen@CravenArms**, as the building was no longer suitable. Suitable premises have been identified in the Ludlow area and negotiations are being pursued vigorously.

Recent initiatives are being progressed and closely monitored, within what is currently permissible. These include The Derwen School for children with learning difficulties and disabilities, which opened in a group of buildings surplus to the College's needs in September 2019. The School, Ofsted-registered, and its operation are completely separate from Derwen College. Hotel 751 (the former Premier Inn facility), the Short Breaks @ Derwen. Programme, the major development project for the 28 bungalows of the Agnes Hunt Village are all being pursued.

The focus on establishing detailed maintenance and improvement plans for the College's buildings and residential accommodation continues and upgrading and refurbishment are very high on the priority list.

Health and safety

Action plans, including that drawn up following the College commissioned British Safety Council audit, are being implemented and monitored. The Food Safety Co-ordinator and the Health and Safety Manager have had a particularly challenging year. The College enjoys the Environmental Health highest Food Hygiene rating, no mean feat as learners are preparing their own meals.

The Senior Leadership Team

2020 was the first full year of operation of the Senior Leadership Team which had evolved over the three previous years. The team is headed by Meryl Green, the Principal and CEO, who works with three Directors: Business and Finance, Human Resources and Estates, and Care, Health and Well-being and is supported by the Company Secretary. They have proved a committed and very able team, with whom Governors work particularly closely. They ensure quality, provide real drive and challenge and are supported by highly competent senior managers.



Senior Leadership Team (SLT)



Principal
and CEO

Meryl Green



Director of
Business and
Finance

Andrew Smith



Director of
Care, Health and
Wellbeing

Karen George



Director of
HR and
Estates

Natalie Bellis

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Achievements and performance

a. Key performance indicators

Outstanding performance and quality

The College continues to benefit from considerable analysis and judgement of its performance! Internally it has a well established, thorough and transparent self assessment system. Quality and the achievement of Improvement Plan targets are monitored throughout the year and the formal departmental evaluations of performance and outcomes are moderated in the autumn by panels which include governors. These rigorous self-assessment procedures led the College to grade its performance 2019-20 as good.

The Self-assessment Report for 2019-20, scrutinised and approved at Board level, included the following:

Strengths:

- Very good governance, leadership and management demonstrating an exceptional response to the Covid- 19 pandemic
- High quality, relevant curriculum at all sites that is rigorously reviewed and aligned to planned student outcomes
- Impressive development of and support for remote learning for specific students
- Significantly improved care management structure, systems and procedures including implementation of Nourish
- Highly responsive careers programme including innovative CV app development to enable all students to record and demonstrate their skills and qualities to potential employers
- Exceptional, diverse and inclusive sports, leisure and wellbeing programme to support students' knowledge of how to keep themselves healthy, both emotionally and physically
- Excellent relationships with local and national employers sustained throughout pandemic
- Very robust safeguarding arrangements – see Ofsted Monitoring visit report January 20
- Highly innovative use of technology to support students into work through multi-award winning app development

However, as before, we have identified specific areas for attention:

- To continue to monitor and respond to the impact of the Covid-19 pandemic and to apply organisational learning across all aspects of provision
- To sustain at least a 'Good' financial health rating
- To achieve a CQC rating of at least 'Good' in all key characteristics at next inspection
- To consolidate updated approaches to individual risk assessment
- To undertake a review of therapy provision to support the evolving needs of the cohort
- To develop a comprehensive IT Strategy supported by a well-resourced technology team in order to deliver key objectives around Management Information Systems and Assistive Technology during 20-21

Following the end of the summer term, staff worked for two days with a consultant to reflect on the College's operation during the pandemic and to begin the analysis of the lessons learnt. It was a detailed and thoughtful process, much appreciated by those involved. Ten pages of reflection and six pages of themes and next steps emerged and have underpinned the operation of the College as the year – and the virus – have progressed. Amongst the consultant's favourite quotations from staff were:

We had been preparing for this for a long time. We had learned our lines, finished the rehearsals and this was the performance.

Care and curriculum have come together

We learned how to be a College again instead of being driven by external assessment regimes.

Attitudes towards care planning have changed. People appreciate the importance of the 'paperwork'.

The clients have started to live again.

We have never been so focused on one goal.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Achievements and performance (continued)

Inspection and Public Recognition

On 8 January there was an **Ofsted** monitoring visit, which focused on safeguarding arrangements and led to a very positive and reassuring report. For example:

- Risk assessment for students are highly individualised. Staff identify clearly the specific risks, including those associated with students' health, behaviour, social and vocational needs.
- Students are well supported and encouraged to manage their own behaviours more effectively. They become more independent and recognise potential risks.
- The safeguarding team swiftly put in place actions to keep students safe.
- For example, students who have demonstrated behaviours of concern are supported to develop strategies to reflect on and improve how they interact with others. Students are proud of how their behaviour improves as a result.

Following the **Care Quality Commission** inspection in May 2019, an action plan outlining the measures that would be taken was submitted to the CQC. All actions were completed by December 14th 2019. The Registered Managers Scrutiny Panel (RMSP) has continued to meet to monitor the actions and to facilitate the continuous improvement required. The purpose of the RMSP is as follows:

- To provide an effective governance system.
- To facilitate the Registered Managers' structured and robust scrutiny and review of the College's systems and processes, to meet all statutory requirements relating to residential provision.
- To provide a structured process to improve quality, by identifying good practice and building on it, and identifying underperformance, the root causes, and taking action to address them.

Each identified area has a key member of staff responsible for reporting against the CQC framework. Where shortfalls are identified, discussion takes place around the root causes and actions are agreed to address. Governors monitor this work through the Standards and Effectiveness Committee.

Awards: The College won the Natspec Award for Innovative Use of Technology and was short-listed in the Tes 2020 FE Awards Support for Students category.

Close and frequent attention is given by governors to the scrutiny of any causes for concern through a specific session of governors from the Standards and Effectiveness Committee with relevant staff. The parents and carers survey in summer 2020 was detailed and focused on the College operation during the lockdown periods and pandemic and invited suggestions for improvements, which were forthcoming! This led to a detailed action plan which has underpinned much of the College operation since August. Communications have been increased and different formats are used. The key worker for each student has been identified. However, it is heartening for all that **tributes** are still received, and included:

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Achievements and performance (continued)

The support I have received has been invaluable and much appreciated.

We really liked the themes each week (challenges, competitions, etc.) The Zoom meetings were great for engaging young people and letting them see friends.

I was and continue to be impressed. The communications were reassuring and timings were perfect.

Structure, governance and management

a. Constitution

Derwen College is registered as a charitable company limited by guarantee and was set up by a Trust deed.

Governance

The development of the Charity

Derwen College charity has a long pedigree. It was founded in 1927 by Dame Agnes Hunt and was originally associated with the Orthopaedic Hospital in Gobowen. The Derwen Estate was purchased in 1928 and the first trust deed was established on 3rd August 1932. It was varied or affected by schemes of the Charity Commission dated 25th January 1968 and 18th August 1972, and then consolidated in the Deed of 29th November 1988.

An incorporated charity was established on 1st July 2014, Derwen College (Charity number 1153280, Companies House number 8615826). The former charity remains in existence as Derwen College Trust (charity number 208745) with the sole purpose of managing the permanently endowed property. It appointed as its trustees the new Derwen College charity.

The solicitors drew up a uniting directive which allows a single set of accounts to be drawn up, as the two entities have the same financial reporting period. "Linked" financial statements for both Companies House and the Charity Commission are submitted annually for reporting purposes.

The regulatory framework of the charity

Under the agreed Articles of Association to which the College is now working there are:

- at least seven and not more than twelve co opted trustees, appointed by resolution of the Board conforming to any criteria the Board determines, and
- five nominated trustees, one from each of five local authorities invited from time to time to nominate as determined by the Board.

The term of office of all trustees is five years, with an expectation that usually after three terms of office the Trustee shall be eligible for re election only after a year has elapsed. Two governors have currently served for more than nine years.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Structure, governance and management (continued)

Governors' activity in 2020

*In my opinion we are extremely fortunate in having a well-led and effective Board, working closely with a cohesive SLT in the strategic planning process, but also developing understanding of the operational aspect of Derwen, in what feels like an atmosphere of mutual respect and trust.
(from an individual governor's self-evaluation form, autumn 2020)*

The range of knowledge, skills and experience of members is broad, relevant and generously shared. ... A new strategic planning process was agreed. The focus is onthe College's sustainability, quality of provision and growth. A raft of decisions about developments and business projects was taken, based on detailed reports and considered discussion.Covid and Brexit have taught us that the Board must be ready to face the unknown and respond effectively, with due diligence and in a timely manner.
(from Governance Self-assessment 19-20)

It is noteworthy that much of the detailed analysis and scrutiny of the College's operation is managed by the committees, of which there are now four. Following lengthy discussion of priorities, progress towards certain goals, and effective activity, the Resources and Business Committee was formed in the summer drawing together work previously undertaken by the Business and Finance, Estates, and Human Resources Committees. A further new Committee was formed: Audit and Risk Assurance. The Standards and Effectiveness Committee continues its focus on care and the curriculum, and the Governance and Search Committee monitors the profile of the Board and the quality of governance.

The Board works closely with the Senior Leadership Team. A very positive working relationship has been developed, which recognises the need for governors to provide effective challenge as well as active support.

The key decisions and areas of activity during 2019 concerned:

- *strategic planning including:
Beneficiaries - defined
Agnes Hunt Village – development agreed
Ashdale House – decision to sell
Craven Arms – decision to relocate
Derwen School, Short Breaks and Hotel 751 – monitoring and review.*
- *the development of a new provision for day students at Telford*
- *the disposal of those properties and land in Gobowen off the campus which are no longer fit for purpose and the realisation of some assets*
- *the development of the IT and digital technology strategy*
- *the constant monitoring and analysis of the financial performance of the College*
- *the review of the Ofsted monitoring visit report; focus – safeguarding.*
- *following the closure of the Derwen College defined benefit pension scheme and the opening of the defined contribution scheme, the de-risking exercise*
- *negotiations with the Charity Commission and further amendments to the terms of the Derwen College Trust charity.*

During the discussions underpinning the evaluation of the Board's performance, the Clerk summarised, 'The Board is responsive, agile and adaptive'.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Structure, governance and management (continued)

b. Methods of appointment or election of Trustees

The control of the Charity, its property and funds is in the hands of the Trustees (governors), who are also the company directors, and who are appointed in line with the Articles of Association.

All potential Governors undertake a formal interview process which includes a fit and proper person's assessment. Appointments are approved at Board level. Governors are often appointed from the ranks of Committee co-optees. These positions enable people to become familiar with the College, its operations, and the governance system and processes. There have been four people co-opted to committees in 2020.

The Board has adopted the Charity Code of Governance, which includes this section: Governors receive an appropriately resourced induction when they join the board. This includes meetings with senior management and covers all areas of the charity's work. Governors are given the opportunity to have ongoing learning and development and regular Governor training takes place.

The Board's Search and Governance Committee formally reviews the specialisms, strengths and characteristics of the members and the Senior Leadership Team annually, including diversity.

c. Policies adopted for the induction and training of Trustees

Governors are often appointed from the ranks of Committee co-optees. These positions enable people to become familiar with the College, its operations, and the governance system and processes. The Board has adopted the Charity Code of Governance, which includes this section:

Governors receive an appropriately resourced induction when they join the board. This includes meetings with senior management and covers all areas of the charity's work. Governors are given the opportunity to have ongoing learning and development.

d. Pay policy for key management personnel

The remuneration and terms and conditions of the members of the SLT is agreed by the Board, following an established procedure. Annually the Chair meets each member of the team and offers the opportunity for the individual to reflect and give feedback and comment on role, status and operational activity and any matter related to her/his employment. The Chairs of the Board and Committees meet and consider all the feedback and comment, working with the Principal when discussing the directors, and using any available benchmarking data. A proposal for Board consideration is drawn up. This is discussed at the full Board meeting, with no staff present, and a decision made.

e. Related party relationships

No governor supplies goods and/or services to the College. One related party relationship was the subject of formal Board approval. The remuneration of the four members of the Senior Leadership Team is discussed and agreed by the Board of Governors, see note 11 of the financial statements.

f. Financial risk management

The Governors have assessed the major risks to which the College is exposed, in particular those related to the operations and finances of the College, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks. In addition the establishment of the Audit and Risk Assurance Committee ensures a focus on risk management in general.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Structure, governance and management (continued)

g. Main activities undertaken to further the College's purposes for the public benefit

In setting objectives and planning for activities, the Governors have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

The achievement of the Charity's objects is reviewed annually through the College Self-assessment process and subsequent report and Quality Improvement Plan, and through the Governors' Annual Report and the annual statutory accounts. The Self-Assessment Report is available to Ofsted and CQC. The Governors' reports are published on the College web-site and to the Charity Commission and Companies' House. There are regular news letters to parents/carers and stakeholders' surveys.

The quality of provision is inspected by Ofsted and the Care Quality Commission. The successes of former students continue to demonstrate that College programmes provide students with the skills, inspiration and motivation to achieve in their transition from College. The high level of staff expertise is a key element of the College's management of learning, student support and innovation. The Board believes that the College provides excellent value for money to the public purse and that student outcomes mean they can be less dependent on benefits throughout the rest of their lives.

The trustees are committed to the necessary capital spending to maintain and enhance the College's facilities and to meet the legal and regulatory requirements. A major appeal for £1,000,000 was launched to fund the further development and upgrading of the Agnes Hunt bungalow properties, although progress has been delayed by the impact of the pandemic. Business plans for other projects will be drawn up as agreed and a new detailed Accommodation Strategy is being developed for discussion at strategic planning in February 2021.

h. Employee involvement, employment of the disabled and volunteers

Employees have been consulted on issues of concern to them by means of the Staff Forum, staff meetings and a confidential & anonymous web-site link. They have been kept informed on specific matters directly by management and through the regular Staff Newsletter. The College carries out exit interviews for all leaving the organisation, carries out an annual staff survey and has adopted a procedure of upward feedback for the Governors and 360° feedback for senior managers. A specific focus on staff well-being continues to characterise much of the work and the implementation of the Staff Engagement Plan is closely monitored.

The Gender Pay Gap return and the review and production of policies have been discussed in detail by governors. The changes necessitated by the General Data Protection Regulations have been rigorously enforced.

There has been a particular focus on professional development and qualifications and a FUN Fund has been set up, for activities by teams of staff.

In accordance with the College's Equal opportunities policy, the College has long established fair employment practices in the recruitment, selection, retention and training of disabled staff. Full details of these policies are available from the College.

Volunteers contribute to the College's operation and receive an induction process and are DBS checked.

Financial review

a. Going concern

The audited and approved annual accounts are submitted by the due dates to both the Charity Commission and Companies' House. After making all appropriate enquiries, very thorough consideration of draft budgets, and cash flow up to 2022, and having taken key strategic decisions, the trustees expect the charity to have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing financial statements. At the end of 2020 the sale of two assets was realised.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Financial review (continued)

The financial impact of the pandemic will be shown clearly in the audited accounts. The College benefited from the Government's Job Retention grants for staff who were eligible to be furloughed, but it lost income as a result of the enforced closure of its commercial outlets. The pattern of expenditure changed from that used when the budget was forecast. The College was able to access grants provided by the Local Authority to support its increased costs for managing Infection Control across its sites.

b. Reserves policy

The note to the accounts show the assets and liabilities attributable to the various funds by type, and summarise the year's movement on each fund.

The total funds of the Charity were £4,905,660 (2019: £4,431,125) of which restricted funds were £626,834 (2019: £641,945) and endowment £2,867,573 (2019: £2,580,101).

The unrestricted funds amounted to £1,411,253 (2019: £1,209,079) of which there is a surplus of £666,923 (2019: £607,526) relating to free reserves. The current reserves policy followed by the Governors is to have a *total reserves* figure of up to a maximum of 50 days of expenditure. The current *free reserves* figure is 26 days (2019: 22 days).

Reserves may need to be utilised during the short to medium term for cash flow and for capital projects. The Governors consider this to be judicious and appropriate especially in the current climate of uncertainty surrounding funding approvals and budgetary restraint.

In the prior year the FRS102 defined benefit pension scheme closed to new members and future accrual therefore, currently has no active members. As a result, the pension asset is no longer included within the Charity's balance sheet (2019: £Nil).

The Board have reviewed the current reserves level of 50 days of expenditure. This will continue to be the target but the Board also appreciate that there will be times when reserves may fall below this when used to support College expenditure that is required in advance of income receipts from the sale of surplus assets.

c. Financial Summary

During the year the net movement in funds was a surplus of £474,535 (2019: £3,079,330 deficit). Net current assets have increased to £1,268,765 (2019: £585,581) with the closing cash position increasing to £1,550,441 (2019: £907,244) which shows a much improved position.

The financial impact of the Covid-19 Pandemic College is most noticeable in the significant reduction in the commercial income earned during the year, with all outlets closed for significant periods of the year. This loss in income has been carefully managed to ensure that it has not impacted on the financial reserves of the College.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Financial review (continued)

d. Principal risks and uncertainties

The Trustees regularly examine the principal areas of the College's operations and consider the major risks faced in each. There are established resources and review systems which, under normal conditions, should allow any risk to be managed to an acceptable level in the College's day to day operation. College risk management has two distinct tiers: strategic and operational. The operational level is reviewed on a 'real time' basis and deals with individual departments, students, functions and duties. At the strategic level, the Senior Leadership Team reviews the risk assessment register monthly and it is reviewed at least termly as part of the College quality improvement plan. Issues are debated and reported at Board meetings. This includes College pension arrangements, insurances and trustee responsibilities to ensure these remain in line with current legislation and operational factors.

The College's spacious campus is, when pandemic regulations and guidance allow, open to visitors and customers in the public areas and is imaginatively and purposefully managed to enable students to interact with staff and members of the public appropriately and safely. However, the open plan nature of the campus and the heightened staff awareness of potential hazards necessitate regular reviews. During 2014 gates were erected at strategic points on the campus enabling a secure area for students, away from the public areas, to be closed off at 9 p.m. each evening. During 2017 the central area of the College became pedestrianised. Departmental operational risk management encompasses all locations and individuals. During 2019 there was a major programme of installation of CCTV monitoring equipment. In 2020 there was further installation of intruder alarms and significant upgrading of pathways.

Site safety is reviewed through the Health and Safety Committee, which includes governor membership, is audited by specialist advisors and monitored by external agencies. During 2019 a full-time Health and Safety Manager was appointed and the scrutiny of all aspects of H&S and appropriate action plans are now rigorously implemented.

The College provides a safe and supportive environment for learners to access the internet, including social networking sites. Staff across college give a high priority to all aspects of on-line safety and the safeguarding team rigorously monitor risk in this area with personalised strategies being implemented to support individuals as appropriate.

e. Financial risk management objectives and policies

The Board has adopted the Charity Code of Governance (for larger charities) and adheres to the principles it lays out.

f. Principal funding

The main source of income is generated from student and client fees paid for by local and central Government and amounts to 89% of the total. All the £9,824,902 income raised during 2020 has been used to enable the College to meet its charitable objectives.

g. Fundraising activities and income generation

The major project: the development of the Agnes Hunt Village, has been pursued. £300,000 was spent on new roofs on the 28 bungalows 17 – 19. In the summer 2019 £200,000 was spent on the initial refurbishment of some kitchens and bathrooms and in November 2019 the £1,000,000 appeal was formally launched. Despite the challenging conditions, over £50,000 has now been pledged towards this project. Smaller fundraising activities took place, such as the virtual walks: in summer Land's End to Joan O'Groats and in December to Finland to find Santa. The College remains committed to transform the bungalows into modern supported living units as its ultimate goal.

A grant of £24,000 was received from the Steve Morgan Foundation towards the costs of developing Aggie's Art House into a charity shop on site. This will further increase the retail and business opportunities for the students, both customer-facing and with regard to on-line sales.

Despite applications for grants being put on hold, over £32,000 was received in donations.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Financial review (continued)

h. Investment policy and performance

The College takes a prudent, low risk approach to investments, placing cash surpluses on deposit to attract a return, although this is not especially attractive with the current level of interest rates. This is principally because the reserves may need to be utilised during the short to medium term for cash flow and for capital projects. In addition, the investment strategy of the pension scheme has been the subject of a detailed review.

i. Plans for future periods

Looking ahead

Building the sustainable future

Transforming the lives of young people with Special Educational Needs and Disabilities by maximising their potential for independence is, axiomatically, a 'good thing'. To do this in a way which focusses on enabling their development through real-work activity and becoming as self-sufficient as possible is challenging. It requires a truly holistic approach, in which learning is augmented, facilitated and enriched by care, therapies, and clinical support. The outcomes amaze.

This will continue to be the goal of this charity, working with full-time and part-time residential and day students. It will also focus on transforming the lives of the clients, those using the short-breaks provision and the diverse satellites. The College continues to keep the beneficiaries of the charity as its focus. This requires clarity about the future strategic direction and priorities of the College and continued rigorous financial management. The Board and Senior Leadership Team have this as their focus and work to ensure every decision underpins high quality and sustainability. It will continue to strive to deliver outstanding value for money, and believes it can, and unequivocally does, demonstrate excellence in comparison with recently developed, local provision.

The development of the Telford satellite, the further development of the curriculum, particularly for those with profound and multiple learning difficulties, the review of the provision for clients, and the continued transformation of our accommodation into 21st century supported living standards will be our immediate priorities.

Most learners are funded to come to the College because their needs cannot be provided for adequately and sufficiently in a non residential, local further education college, nor can their potential be maximised. The commitment of both staff and trustees is to ensure our high quality, holistic provision, within the culture of constant improvement, continue to characterise the College's operation.

– the final word

We do not expect 2021 to be a time when we 'return to normal'. The pandemic challenges will still preoccupy those undertaking the day to day planning and operation of the College. We shall, however, seek to grow in strength, expertise, delivery and diversity from the lessons learnt in 2020.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Members' liability

The Members of the College guarantee to contribute an amount not exceeding £1 to the assets of the College in the event of winding up.

Employee involvement and employment of the disabled and volunteers

Much time has been spent on establishing staffing levels and expertise as the College has moved towards fewer students, with more complex needs, and introduced new activities. All changes are the subject of appropriate consultation, reflection and discussion at Board and senior management level.

Employees have been consulted on issues of concern to them by means of the Staff Forum, staff meetings and a confidential & anonymous web-site link. They have been kept informed on specific matters directly by management and through the regular Staff Newsletter. The College carries out exit interviews for all leaving the organisation, carries out an annual staff survey and has adopted a procedure of upward feedback for the Governors and 360° feedback for senior managers. A specific focus on staff well-being continues to characterise much of the work and the implementation of the Staff Engagement Plan is closely monitored.

- The Gender Pay Gap return and the review and production of policies have been discussed in detail by governors. Changes necessitated by the General Data Protection Regulations have been rigorously enforced and are monitored. Detailed policies in relation to aspects of personnel matters have included Covid-19 related policies. Professional development continues to be monitored regularly.
- In accordance with the College's Equal opportunities policy, the College has long established fair employment practices in the recruitment, selection, retention and training of disabled staff. Full details of these policies are available from the College.

Volunteers contribute to the College's operation and receive an induction process and are DBS checked.

Full details of these policies are available from the College's offices.

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the College for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees 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 its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in business.

The Trustees 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 also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

The auditors, WR Partners, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:



Mrs K Kimber
Chair

Date: 27 May 2021

DERWEN COLLEGE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DERWEN COLLEGE

Opinion

We have audited the financial statements of Derwen College (the 'College') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

DERWEN COLLEGE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DERWEN COLLEGE (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

DERWEN COLLEGE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DERWEN COLLEGE (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We reviewed the susceptibility of the Company's financial statements to material misstatement and identified the principal risks, implementing a series of testing procedures to provide us with sufficient comfort to issue our opinion.

We reviewed the Company's regulatory environment to ensure we could conclude that it had acted in accordance with framework relevant to the Company and its environment and identify any instances of non-compliance.

We also assessed the Company's internal control procedures to ensure we could appropriately scrutinise these controls and establish whether our understanding of the control environment was sufficient to supplement our additional testing procedures.

The engagement team consisted of a team that the engagement partner believes is equipped with the relevant level of technical and Company awareness to carry out our work to the required standard.

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

Use of our report

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an Auditors' 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Malpass BSc FCA (Senior statutory auditor)
for and on behalf of

WR Partners

Chartered Accountants and Statutory Auditors
Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

Date:

18th June 2021

DERWEN COLLEGE

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income:						
Donations and legacies	4	159,830	32,230	-	192,060	418,212
Charitable activities	5	8,849,030	-	-	8,849,030	9,266,940
Other trading activities	6	176,406	-	-	176,406	442,775
Investments	7	147	-	-	147	1,527
Other income	8	551	-	584,413	584,964	47,354
Total income		9,185,964	32,230	584,413	9,802,607	10,176,808
Expenditure on:						
Raising funds	9	343,984	-	-	343,984	570,103
Charitable activities	10	8,936,747	47,341	-	8,984,088	9,635,035
Total expenditure		9,280,731	47,341	-	9,328,072	10,205,138
Net (expenditure)/income		(94,767)	(15,111)	584,413	474,535	(28,330)
Transfers between funds	18	296,941	-	(296,941)	-	-
Net movement in funds before other recognised gains/(losses)		202,174	(15,111)	287,472	474,535	(28,330)
Other recognised gains/(losses):						
Losses on revaluation of fixed assets		-	-	-	-	(3,001,000)
Actuarial losses on defined benefit pension schemes	23	-	-	-	-	(50,000)
Net movement in funds		202,174	(15,111)	287,472	474,535	(3,079,330)

DERWEN COLLEGE

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Reconciliation of funds:					
Total funds brought forward	18 1,209,079	641,945	2,580,101	4,431,125	7,510,455
Net movement in funds	202,174	(15,111)	287,472	474,535	(3,079,330)
Total funds carried forward	<u>1,411,253</u>	<u>626,834</u>	<u>2,867,573</u>	<u>4,905,660</u>	<u>4,431,125</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 34 to 54 form part of these financial statements.

DERWEN COLLEGE
REGISTERED NUMBER: 08615826

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	14	3,636,895	3,845,624
		3,636,895	3,845,624
Current assets			
Stocks	15	21,723	26,885
Debtors	16	369,761	296,182
Cash at bank and in hand		1,550,441	907,244
		1,941,925	1,230,311
Creditors: amounts due within one year	17	(673,160)	(644,810)
Net current assets		1,268,765	585,501
Total assets less current liabilities		4,905,660	4,431,125
Net assets		4,905,660	4,431,125
Total net assets		4,905,660	4,431,125


DERWEN COLLEGE

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Charity funds			
Endowment funds	18	2,867,573	2,580,101
Restricted funds	18	626,834	641,945
Unrestricted funds	18	1,411,253	1,209,079
Total funds		4,905,660	4,431,125

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:


Mrs K Kimber
Chair
Date: 27 May 2021

DERWEN COLLEGE

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash used in operating activities	20	(88,697)	(719,273)
Cash flows from investing activities			
Dividends, interests and rents from investments		147	1,527
Proceeds from the sale of tangible fixed assets		550	47,354
Purchase of tangible fixed assets		(138,803)	(646,424)
Net cash used in investing activities		(138,106)	(597,543)
Cash flows from financing activities			
Proceeds from the sale of endowed properties		870,000	-
Net cash provided by financing activities		870,000	-
Change in cash and cash equivalents in the year		643,197	(1,316,816)
Cash and cash equivalents at the beginning of the year		907,244	2,224,060
Cash and cash equivalents at the end of the year	21	1,550,441	907,244

The notes on pages 34 to 54 form part of these financial statements

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Derwen College is a Company limited by guarantee. The registered office is disclosed on the Reference and Admin page. The Charity is primarily involved in working with young people with learning difficulties and disabilities to provide learning, development and care to enable the achievement of aspirations.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the second edition Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Derwen College meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Company status

The College is a Company limited by guarantee. The members of the company are the Governors named on page 1. In the event of the College being wound up, the liability in respect of the guarantee is limited to £1 per member of the College.

2.3 Going concern

At 31 December 2020 no material uncertainties existed that would impact the going concern basis that these financial statements are prepared upon.

As referred to in the Governors Report, the Governors have also assessed the potential impact on the future operations of the Charity with regard to the Covid-19 outbreak. The Charity is considered to be well positioned given the current environment with no impact on the going concern basis of the financial statements.

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the College and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the College for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds are funds, the capital of which must be maintained.

During the year the College sold 2 endowed properties to which approval was gained from the Charity Commission to utilise the proceeds on the College's charitable activities. An expendable endowment fund has been set up to account for these funds.

2.5 Income

All income is recognised once the College has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

2.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the College's objectives, as well as any associated support costs.

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 Tangible fixed assets and depreciation

Tangible fixed assets of a capital nature are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Leasehold property	- over the lifetime of the initial lease
Plant and machinery	- 14% on a straight line basis
Motor vehicles	- 25% on a straight line basis

2.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the College; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.11 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the College anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

2.13 Financial Instruments

The College only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.14 Pensions

The College operates a defined contribution pension scheme, the pension charge represents the amounts payable by the College to the fund in the year.

In 2019 the FRS102 defined benefit pension scheme has closed to new members and future accrual therefore currently has no active members. As a result, the pension asset is no longer included within the Charity's balance sheet.

2.15 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The College makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

DERWEN COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Income from donations and legacies

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Donations	30,990	32,230	63,220	338,472
Grants	128,840	-	128,840	79,740
	<u>159,830</u>	<u>32,230</u>	<u>192,060</u>	<u>418,212</u>
<i>Total 2019</i>	<u>257,208</u>	<u>161,004</u>	<u>418,212</u>	

5. Income from charitable activities

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Training Fees	8,159,912	8,159,912	8,913,908
Miscellaneous Income	38,065	38,065	24,157
School Income	111,924	111,924	48,582
Short Breaks Income	126,275	126,275	188,840
Rental Income	92,143	92,143	91,453
Job Retention Scheme Income	320,711	320,711	-
Total 2020	<u>8,849,030</u>	<u>8,849,030</u>	<u>9,266,940</u>
<i>Total 2019</i>	<u>9,266,940</u>	<u>9,266,940</u>	

DERWEN COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Income from other trading activities

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Retail	118,186	118,186	195,976
Hospitality	58,220	58,220	246,799
	<u>176,406</u>	<u>176,406</u>	<u>442,775</u>
<i>Total 2019</i>	<u>442,775</u>	<u>442,775</u>	

7. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Interest Receivable	147	147	1,527
	<u>1,527</u>	<u>1,527</u>	
<i>Total 2019</i>	<u>1,527</u>	<u>1,527</u>	

8. Other incoming resources

	Unrestricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Sale of Assets	551	584,413	584,964	47,354
	<u>47,354</u>	<u>-</u>	<u>47,354</u>	
<i>Total 2019</i>	<u>47,354</u>	<u>-</u>	<u>47,354</u>	

DERWEN COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Expenditure on raising funds

Other trading expenses

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Retail and Hospitality Expenditure	180,328	180,328	341,344
Retail and Hospitality Staff Costs	163,656	163,656	228,759
	<u>343,984</u>	<u>343,984</u>	<u>570,103</u>
<i>Total 2019</i>	<u>570,103</u>	<u>570,103</u>	

10. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Education	2,643,072	-	2,643,072	3,119,900
Care	3,116,880	-	3,116,880	3,541,195
Administration	765,828	884,995	1,650,823	1,189,762
Campus & Estates	1,016,078	557,235	1,573,313	1,784,178
	<u>7,541,858</u>	<u>1,442,230</u>	<u>8,984,088</u>	<u>9,635,035</u>
<i>Total 2019</i>	<u>8,270,866</u>	<u>1,364,169</u>	<u>9,635,035</u>	

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Education 2020 £	Care 2020 £	Administration 2020 £	Campus & Estates 2020 £	Total funds 2020 £	Total funds 2019 £
Staff costs	2,498,829	2,871,890	-	-	5,370,719	5,772,602
Depreciation	-	-	61,947	-	61,947	67,915
Premises & Ground Costs	24,080	10,177	133,950	732,002	900,209	1,023,755
Equipment Repairs and Maintenance	12,939	22,185	12,372	141,839	189,335	183,631
Licences & Subscriptions	3,985	23,557	64,366	1,869	93,777	68,266
Legal , Professional & Consultation Costs	19,227	17,358	104,309	150	141,044	220,065
Cleaning and Consumables	16,649	106,313	1,209	73,600	197,771	248,237
Marketing and Advertising	3,099	-	8,634	-	11,733	32,327
Learning Equipment and Student Activities	40,701	11,827	32,511	12,932	97,971	163,432
Printing Stationery and Computing Consumables	7,112	7,289	215,749	67	230,217	162,026
College Transport	5,854	1,770	51,571	76	59,271	121,949
External Contractors	547	3,225	41,109	28,801	73,682	112,864
Miscellaneous	10,050	41,289	38,101	24,742	114,182	93,797
	<u>2,643,072</u>	<u>3,116,880</u>	<u>765,828</u>	<u>1,016,078</u>	<u>7,541,858</u>	<u>8,270,866</u>
Total 2019	<u>3,119,900</u>	<u>3,541,195</u>	<u>352,114</u>	<u>1,257,657</u>	<u>8,270,866</u>	

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10. Analysis of expenditure by activities (continued)

Analysis of support costs

	Administration 2020 £	Campus & Estates 2020 £	Total funds 2020 £	Total funds 2019 £
Staff costs	884,995	557,235	1,442,230	1,364,169
<i>Total 2019</i>	<i>837,648</i>	<i>526,521</i>	<i>1,364,169</i>	

11. Auditors' remuneration

	2020 £	2019 £
Fees payable to the College's auditor for the audit of the College's annual accounts	8,500	8,200
Fees payable to the College's auditor in respect of: All non-audit services not included above	1,600	1,600

12. Staff costs

	2020 £	2019 £
Wages and salaries	6,163,641	6,965,353
Social security costs	468,680	549,916
Pension costs	344,284	(149,739)
	6,976,605	7,365,530

Included in the above pension costs is a gain on curtailment of £Nil (2019: £397,000) from the defined benefit pension scheme. Refer to note 22.

Included in the above are redundancy payments of £153,933 made payable to 21 Employees in the year.

DERWEN COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Staff costs (continued)

The average number of persons employed by the College during the year was as follows:

	2020 No.	2019 No.
Teaching	74	86
Welfare	174	191
Ancillary and Administration	82	86
	330	363

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2020 No.	2019 No.
In the band £60,001 - £70,000	3	3
In the band £70,001 - £80,000	1	1

The key management personnel of the College comprise of the senior management team as listed on page 2. The total remuneration of the key management personnel during the year was £294,583 (2019: £341,806). Pay and remuneration of the key management personnel are set by the Governors through discussion at the Human Resources Committee and then proposal and ratification at Board Meetings.

13. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2019 - £NIL).

During the year ended 31 December 2020, no Trustee expenses have been incurred (2019 - £NIL).

DERWEN COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Tangible fixed assets

	Freehold property £	Leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2020	13,365,212	391,322	553,942	287,610	14,598,086
Additions	7,165	76,458	55,180	-	138,803
Disposals	(696,109)	-	-	(33,769)	(729,878)
At 31 December 2020	<u>12,676,268</u>	<u>467,780</u>	<u>609,122</u>	<u>253,841</u>	<u>14,007,011</u>
Depreciation					
At 1 January 2020	9,971,637	227,887	298,982	253,956	10,752,462
Charge for the year	-	8,517	44,082	9,348	61,947
On disposals	(410,522)	-	-	(33,771)	(444,293)
At 31 December 2020	<u>9,561,115</u>	<u>236,404</u>	<u>343,064</u>	<u>229,533</u>	<u>10,370,116</u>
Net book value					
At 31 December 2020	<u>3,115,153</u>	<u>231,376</u>	<u>266,058</u>	<u>24,308</u>	<u>3,636,895</u>
At 31 December 2019	<u>3,393,575</u>	<u>163,435</u>	<u>254,960</u>	<u>33,654</u>	<u>3,845,624</u>

Included in freehold property is land at a cost of £124,168 (2019: £124,168).

15. Stocks

	2020 £	2019 £
Finished goods and goods for resale	<u>21,723</u>	<u>26,885</u>

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

16. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	203,395	179,439
Other debtors	-	620
Prepayments and accrued income	166,366	116,123
	<u>369,761</u>	<u>296,182</u>

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Payments received on account	130,381	148,704
Trade creditors	248,976	180,505
Other taxation and social security	110,977	136,431
Other creditors	35,701	30,853
Accruals and deferred income	147,125	148,317
	<u>673,160</u>	<u>644,810</u>

	2020 £	2019 £
Deferred income at 1 January 2020	9,457	-
Resources deferred during the year	19,934	9,457
Amounts released from previous periods	(9,457)	-
	<u>19,934</u>	<u>9,457</u>

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

18. Statement of funds

Statement of funds - current year

	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2020 £
Unrestricted funds					
Designated funds					
Infrastructure Improvement Fund	-	-	(268,158)	268,158	-
General funds					
General Funds - all funds	607,526	9,047,161	(8,987,764)	-	666,923
Fixed asset fund	601,553	138,803	(24,809)	28,783	744,330
	<u>1,209,079</u>	<u>9,185,964</u>	<u>(9,012,573)</u>	<u>28,783</u>	<u>1,411,253</u>
Total Unrestricted funds	<u>1,209,079</u>	<u>9,185,964</u>	<u>(9,280,731)</u>	<u>296,941</u>	<u>1,411,253</u>
Endowment funds					
Big Lottery Fund – Ceramics Building	190,000	-	-	(190,000)	-
Big Lottery Fund – The Acorns	300,000	-	-	(300,000)	-
Fixed asset fund	2,090,101	-	-	175,630	2,265,731
Expendable Endowment	-	584,413	-	17,429	601,842
	<u>2,580,101</u>	<u>584,413</u>	<u>-</u>	<u>(296,941)</u>	<u>2,867,573</u>
Restricted funds					
Fixed asset fund	641,945	32,230	(47,341)	-	626,834
Total of funds	<u>4,431,125</u>	<u>9,802,607</u>	<u>(9,328,072)</u>	<u>-</u>	<u>4,905,660</u>

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

18. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2019 £
Unrestricted funds						
Designated funds						
Infrastructure Improvement Fund	610,962	247,635	(257,044)	(601,553)	-	-
General funds						
General Funds - all funds	991,921	9,768,169	(10,152,564)	-	-	607,526
Fixed asset fund	-	-	-	601,553	-	601,553
Pension reserve	2,577,000	-	474,000	-	(3,051,000)	-
	3,568,921	9,768,169	(9,678,564)	601,553	(3,051,000)	1,209,079
Total Unrestricted funds	4,179,883	10,015,804	(9,935,608)	-	(3,051,000)	1,209,079
Endowment funds						
Big Lottery Fund – Ceramics Building	190,000	-	-	-	-	190,000
Big Lottery Fund – The Acorns	300,000	-	-	-	-	300,000
Fixed asset fund	2,090,101	-	-	-	-	2,090,101
	2,580,101	-	-	-	-	2,580,101
Restricted funds						
Fixed asset fund	750,471	161,004	(269,530)	-	-	641,945

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

18. Statement of funds (continued)

Statement of funds - prior year (continued)

	<i>Balance at 1 January 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 December 2019 £</i>
Total of funds	<u>7,510,455</u>	<u>10,176,808</u>	<u>(10,205,138)</u>	<u>-</u>	<u>(3,051,000)</u>	<u>4,431,125</u>

Statement of funds (continued)

Designated Funds

The property upgrade fund had been designated for the purpose of refurbishing and upgrading existing accommodation and infrastructure. In the year, £268,158 has been transferred from the sale of endowed properties for infrastructure improvements on a number of College properties. This has been completed in line with the scheme being granted by the Charity Commission.

Endowment Funds

Endowment funds represent land and buildings of the college, with the exception of those held within restricted funds (see below). The endowed land and buildings are held on trust for Derwen College Trust, Charity Number 1153280-1.

In the year the College sold 2 properties in which their funds are being held as expendable endowed funds until the Trustees wish to exercise the power to spend them, and they become unrestricted (designated) funds.

Included within the Endowment Fixed Asset Funds are 2 buildings that were partly funded by the Big Lottery (refer to note 25).

Restricted Funds

The restricted income is grant income received.

The restricted fund brought forward and remaining balance carried forward relates to the net book value of the properties at Craven Arms and Walford College, which are considered to be restricted assets.

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

19. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £
Tangible fixed assets	744,330	626,834	2,265,731	3,636,895
Current assets	1,340,083	-	601,842	1,941,925
Creditors due within one year	(673,160)	-	-	(673,160)
Total	1,411,253	626,834	2,867,573	4,905,660

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £
Tangible fixed assets	601,553	663,970	2,580,101	3,845,624
Current assets	1,230,311	-	-	1,230,311
Creditors due within one year	(622,785)	(22,025)	-	(644,810)
Total	1,209,079	641,945	2,580,101	4,431,125

DERWEN COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	2019 £
Net income/expenditure for the period (as per Statement of Financial Activities)	474,535	(28,330)
Adjustments for:		
Depreciation charges	61,947	67,915
Returns on investments and servicing of finance	(147)	(1,527)
Profit on the sale of fixed assets	(584,964)	(47,354)
Decrease/(increase) in stocks	5,162	(4,322)
Decrease/(increase) in debtors	(73,580)	274,568
Increase/(decrease) in creditors	28,350	(506,223)
Defined benefit pension scheme cost less contributions payable	-	(4,000)
Defined benefit pension scheme finance cost	-	(73,000)
Defined benefit pension gain on curtailment	-	(397,000)
Net cash used in operating activities	(88,697)	(719,273)

21. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	1,550,441	907,244
Total cash and cash equivalents	1,550,441	907,244

22. Analysis of changes in net debt

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	907,244	643,197	1,550,441
	907,244	643,197	1,550,441

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

23. Pension commitments

Auto - Enrolment Pension Scheme

The College now operates two defined contribution pension schemes. The assets of the scheme are held separately from those of the College in independently administered fund. One of these schemes was introduced from 1 June 2019 with staff being given the option to migrate over from the closed defined benefit scheme (see below).

The pension cost charge represents contributions payable by the College to the fund and amounted to £245,267 (2019: £231,738).

College Scheme

The College operates a defined benefit pension scheme.

The scheme was closed to new members and future accrual in 2019. All active members were given the option to migrate to a new defined contribution scheme that was setup from 1 June 2019. The defined benefit scheme remains open as a de-risking exercise is being completed in preparation to be in a position to a future buy out. There are currently no active members. All members are classed as deferred or pensionable as at 31 December 2020.

The amounts in the financial statements for the year ended 31 December 2020 relating to pensions are based on a full actuarial valuation dated 31 December 2017 and updated to 31 December 2020 by a qualified actuary, independent of the scheme's sponsoring employer.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	At 31 December 2020 %	At 31 December 2019 %
Discount rate	1.40	2.10
Future salary increases	3.10	2.90
Inflation (RPI)	3.10	2.90
Inflation (CPI)	2.40	2.10

	At 31 December 2020 Years	At 31 December 2019 Years
Mortality rates (in years)		
- for a male aged 65 now	21.8	21.8
- at 65 for a male aged 45 now	23.1	23.6
- for a female aged 65 now	23.7	23.6
- at 65 for a female aged 45 now	25.2	25.2

DERWEN COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

23. Pension commitments (continued)

The College's share of the assets in the scheme was:

	At 31 December 2020 £	<i>At 31 December 2019 £</i>
UK Equities	-	1,641,000
Overseas Equities	-	2,731,000
Corporate bonds	2,629,000	3,796,000
Fixed Interest Government Bonds	-	5,759,000
International Bonds	14,512,000	2,247,000
Cash and Others	149,000	395,000
Total fair value of assets	17,290,000	<i>16,569,000</i>

The actual return on scheme assets was £1,359,000 (2019 - £1,558,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2020 £	<i>2019 £</i>
Current service cost	-	(87,000)
Interest cost	-	72,000
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	40,000	397,000
Total amount recognised in the Statement of Financial Activities	40,000	<i>382,000</i>

Movements in the present value of the defined benefit obligation were as follows:

	2020 £
Opening defined benefit obligation	13,486,000
Contributions by scheme participants	-
Admin Expenses	-
Actuarial Losses	2,227,000
Losses on curtailments	-
Interest cost	276,000
Benefits paid	(337,000)
Liabilities extinguished on settlements	(341,000)
Closing defined benefit obligation	15,311,000

DERWEN COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

23. Pension commitments (continued)

Movements in the fair value of the College's share of scheme assets were as follows:

	2020 £
Opening fair value of scheme assets	16,569,000
Interest income	339,000
Assets acquired in a business combination	-
Assets distributed on settlements	(301,000)
Contributions by employer	-
Contributions by scheme participants	-
Benefits paid	(337,000)
Actuarial Gains	1,020,000
Closing fair value of scheme assets	17,290,000

The College has an unrecognised gain of £1,979,000 (2019 - £3,001,000) in respect of its defined benefit pension scheme as it does not expect to recover the plan surplus either through reduced contributions in the future or through refunds from the plan.

24. Operating lease commitments

At 31 December 2020 the College had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	24,721	26,876
Later than 1 year and not later than 5 years	23,929	48,650
	48,650	75,526

The following lease payments have been recognised as an expense in the Statement of financial activities:

	2020 £	2019 £
Operating lease rentals	9,246	15,447

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

25. Big Lottery Funding

The college received Big Lottery Funding in respect of the Derwen Enterprises ceramics buildings and the residential building, The Acorns in 1997 and 2003 respectively.

The grants are repayable in the event of the college ceasing its activities, and the college may not dispose of the buildings or use them as security for a loan without prior written provision of the Big Lottery Fund, such restrictions to be in place for 80 years from 1997 and 2003 respectively when the grants were received.

26. Related party transactions

The part time Strategic Advisor of the College, (now left) was a Director of Natspec in the prior year to which purchases were made at arm's length of £13,800. There have been no such related party transactions in the current year therefore no balances outstanding at year end (2019: £240).

Barbara Court is a director of Courthouse Consulting to which purchases were made at arm's length during the year of £29,305 (2019: £Nil). The amounts owing to the company at the year end was £Nil (2019: £Nil).