

Registered number: 08615826
Charity number: 1153280

DERWEN COLLEGE

TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021



DERWEN COLLEGE

CONTENTS

	Page
Reference and administrative details of the College, its Trustees and advisers	1 - 2
Trustees' report	3 - 20
Independent auditors' report on the financial statements	21 - 23
Statement of financial activities	24
Balance sheet	25 - 26
Statement of cash flows	27
Notes to the financial statements	28 - 49

DERWEN COLLEGE

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COLLEGE, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 DECEMBER 2021

Trustees

Mrs C S Beaumont (appointed 25 March 2021)
Mrs L Burns (Resources and Business - co-opted 9 December 2021)
Cllr L L Childs, Wrexham Council Nominee (resigned 11 February 2021)
Mrs B L Court, Chair of Audit and Risk Assurance
Mr M Cowan, Chair of Standards and Effectiveness
Mrs H V Cox
Mr P Crosby (co-optee - Resources and Business)
Mr P Dagger (Audit and Risk Assurance - co-opted 25 March 2021, resigned 31 December 2021)
Mr D P Evison
Mrs K Kimber, Chair & Chair of Search and Governance
Mrs E Leigh (appointed 25 March 2021)
Mr S M Lord (appointed 25 March 2021)
Mr D P Milner
Mrs H C Owens, Vice Chair
Mrs M Rolland (Standards and Effectiveness - co-opted 25 March 2021)
Mrs H Smith
Mr J E Ward, Chair of Business and Resources
Mrs A Williams (co-optee - Standards and Effectiveness, resigned 15 July 2021)

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 2021

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 Care, Health and Wellbeing
Mr A Smith, Director Business and Finance

DERWEN COLLEGE

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Trustees, who are also the directors, present their annual report together with the audited financial statements of the College for the year 1 January 2021 to 31 December 2021.

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 2021.

- Kathleen Kimber – Chair and Chair of Search and Governance
- Helen Owens – Vice Chair
- Lucy (C S) Beaumont – co-opted governor 25 March 21
- Louise Burns – co-opted to Resources and Business 9 December 21
- Cllr Krista Childs – resigned 11 February 21
- Barbara Court – Chair of Audit and Risk Assurance
- Mick Cowan – Chair of Standards and Effectiveness
- Vicki Cox
- Paul Crosby – co-opted to Resources and Business
- Peter Dagger – co-opted to Audit and Risk Assurance 25 March 21, resigned December 21
- Paul Evison
- Elizabeth Leigh – co-opted governor 25 March 21
- Mark Lord – co-opted committee member to governor from 25 March 21
- Paul Milner – nominated to co-opted governor 15 July 21
- Marianne Rolland – co-opted to Standards and Effectiveness 25 March 21
- Helen Smith
- Jamie Ward – Chair of Business and Resources
- Amanda Williams – resigned from committee co-option 15 July 21

Carol Thompson – Clerk and Company Secretary

We place on record our sincere thanks to all trustees and co-opted committee members who have given generously of their time and constructively of their experience and wisdom. Resignations have, in all cases, been because of personal situations and demands which have left people feeling unable to contribute as they believe they should as a trustee. We have welcomed several new members and hope that in 2022 face-to-face meetings will be possible and Board members will resume their familiarity with the College, its students, clients and staff.

Much information about the charity and its activities and endeavours will be found on the website: www.derwen.ac.uk

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Since the College qualifies as small under section 382 of the Companies Act 2006, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Strategic Report

Objectives and activities

a. Policies and objectives

The College's Mission, Strategic Priorities and Values

Our Mission: to enable everyone to achieve beyond what they and others believe possible.

Strategic Priorities:

Ensure our long-term sustainability

- Areas of focus
 - o Rigorous financial management
 - o Constant review and update of provision
 - o Appropriate diversification
 - o Risk assurance measures
 - o Environmental commitment

Excel in every aspect of our operation

- Areas of focus
 - o Our holistic approach to people
 - o Quality assurance
 - o Staff CPD and performance management
 - o Staff wellbeing
 - o Compliance monitoring
 - o Response to changing legislative environment and the SEND landscape
 - o Being a learning organisation

Make the most of our exceptional resources

- Areas of focus
 - o Accommodation review and planning
 - o Campus management
 - o Commercial developments
 - o Satellite opportunities
 - o Safeguarding
 - o Partnerships

Be trailblazers, initiators and researchers

- Areas of focus
 - o Our position / reputation within the sector
 - o Risk appetite
 - o Initiatives and innovations
 - o Marketing, publicity and communication with stakeholders
 - o Award applications
 - o Build thirst for increased understanding

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Strategic Report

Objectives and activities (continued)

The College's Values:



2021 – the year when the College gained much public recognition

Tes (Times Educational Supplement): FE Specialist Provider of the Year

Lead judge Lynette Barrett said:

During such adverse and difficult times, this College has shown how it has remained focused on student achievements and outcomes. The staff worked relentlessly to remain open and create new ways of working, which allowed some of the most vulnerable young people in society to achieve their outcomes without compromise.

Pearson National Teaching Awards for Schools and Colleges: Excellence in Special Needs Education. Gold Award – Stephen Evans

As Sports & Leisure co-ordinator, Steve recognises and promotes the physical and mental benefits of exercise, encouraging teamwork, social skills and fun. By partnering with community and national sports organisations, Steve has enabled a wide and inclusive range of opportunities for students. He is an inspirational teacher and colleague, motivated by a resolve to find what makes each individual shine.

Pearson National Teaching Awards for Schools and Colleges: Digital Innovator of the Year category. Bronze Award – Jessie Vaughan

UK Career Development Award for Careers Programme in a Specialist School/College Winner – the award recognised the College's CV Builder app

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Strategic Report

Objectives and activities (continued)

The nasen Award for 16–25 Provision, sponsored by Brain in Hand

Derwen College was recognised for going above and beyond to support residential and day students with a wide range of complex needs, disabilities, and autism during the pandemic – ensuring that each and every student was motivated, engaged and learning, whether at home or in college. Embracing online tools, staff ensured everyone stayed connected with Sports Day, Prom, Graduation, weekly sports challenges, national skills competitions, Makaton sessions, and even a Pet Show, all going ahead virtually.

Duke of Edinburgh's Award Scheme (DofE)

The College's DofE Co-ordinator, Steve Evans, was one of only 50 people in the UK to be awarded a specially commissioned commemorative Duke of Edinburgh coin, awarded to inspirational volunteers

His passion and determination to support students through each of the sections of their awards is unrivalled.

Beacon Awards – finalist in the Mental Health and Wellbeing category

And as usual, students gained recognition and participated in skills competitions: Two students received the High Sheriff of Shropshire's Outstanding Young Citizens awards. World Skills – held virtually this year

The student team from Derwen College Ludlow won Bronze in the Media Foundation Skills competition and a student on the Hospitality and Food pathway won Bronze in the Restaurant Service Foundation Skills competition.

And 1–5 March 2021 Derwen College organised and ran the virtual SkillsLive Derwen competitions for schools and colleges across the country.

and 2021 – the year the Covid 19 pandemic continued

2020 had challenged everyone and much had been learnt that was to enable continuous, safe and meaningful activity throughout the changing regulations and conditions of 2021. The College had to adapt, as did everyone across the country. It did not close but remained open throughout. With so many clinically extremely vulnerable people to support, both residential and day, student and client, very frequent monitoring of procedures and outcomes took place. Arrangements for social distancing, bubbles, mass regular lateral flow testing, virtual meetings, trips, work experience, visitors on site, social activities on site, commercial activities, safety control measures (e.g. face covering, open windows) and back up isolation procedures were all managed and a road map through it all produced for staff. Students adapted to changes in 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. Relationships with families were strengthened.

Sadly, the College experience for those who have joined us in 2020 and 2021 has not been what we would have wished for them. While huge progress has been made by students, the lack of normal social interaction has had an impact on personal development and relationships. Staff are working hard to address these and accompanying issues and mitigate the impact of the restrictions. Staff and trustees are aware of the limitations of virtual meetings. None the less, work continued and progress was achieved, but differently.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

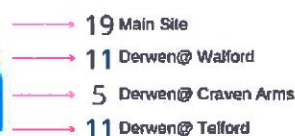
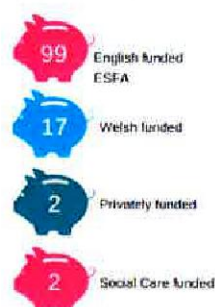
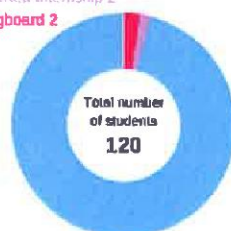
Strategic Report

Objectives and activities (continued)

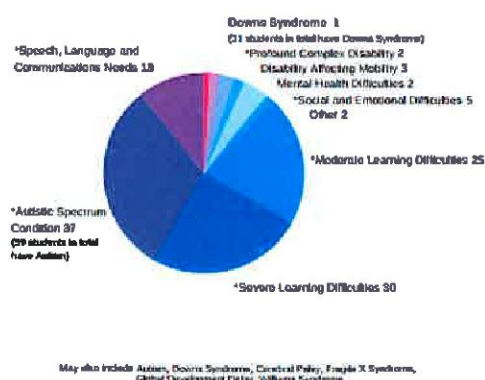


Student Cohort 2021 - Summer Term

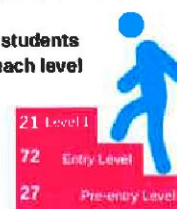
Study Programme 116
Supported Internship 2
Springboard 2



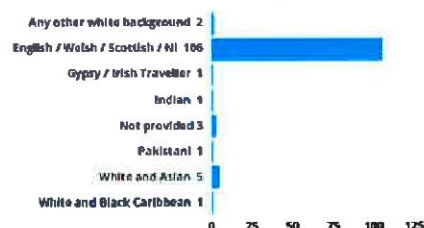
Primary Learning Difficulty / Disability



Number of students working at each level



Ethnicity



DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Strategic Report

Objectives and activities (continued)

Pathways

During the admissions process students make an informed choice about which Pathways to embark on when they start college. Pathways are detailed programmes, adopting a holistic approach to student development, and constantly under review. Currently the following Pathways are available:

Gobowen Main Site: residential and day

- Horticulture
- Hospitality and Food
- Retail and Enterprise
- Performing Arts
- Learning for Life
- Nurture

Ludlow (formerly Craven Arms): day provision

- Business Support and Enterprise

Telford: day provision

- Business Support
- Hospitality

Walford: day provision

- Horticulture
- Sport and Fitness

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

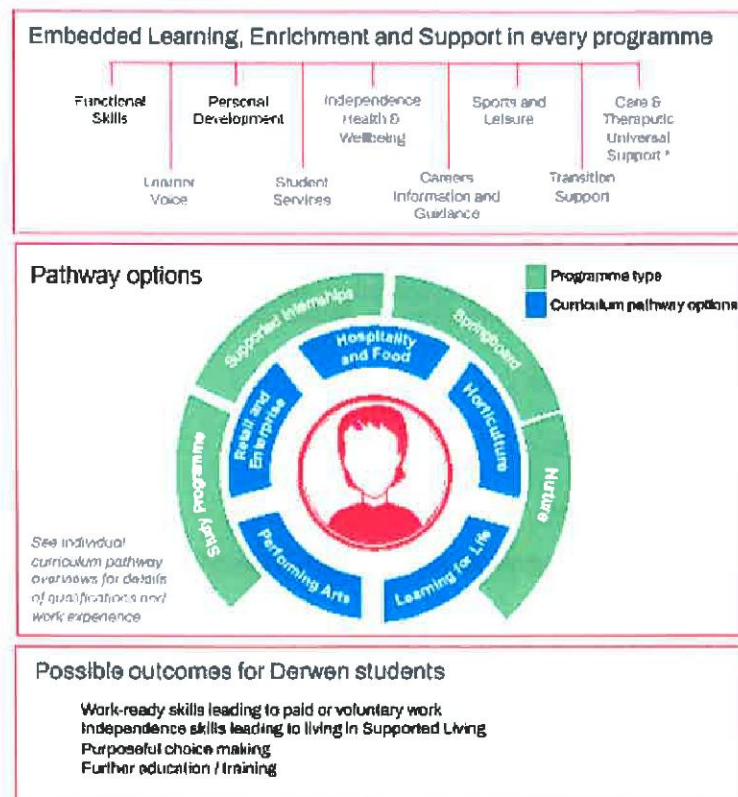
Strategic Report

Objectives and activities (continued)



For 2020–21 these were summarised as:

Curriculum Overview



* Access to specialist clinical therapies is dependent upon appropriate funding

The new provision, opened in September 21, was the Nurture programme, for students with profound and multiple learning difficulties.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Strategic Report

Objectives and activities (continued)

The new provision, opened in September 21, was the Nurture programme, for students with profound and multiple learning difficulties.

Outcomes

Student progress against their Education, Health Care Plans and their agreed personal targets is closely monitored. The number of students proceeding to part-time employment, voluntary work or further education has increased, although their learning difficulties and disabilities are more complex than in previous years. This reflects in part the amount of time and effort spent working with students and families to identify satisfying ongoing activity in the home area once courses are completed. It was expected that 79% of summer 21 leavers would progress to supported living, a significant increase on 2020 (24%).

The clients during 2021

It is one of the objects of Derwen College charity that we provide accommodation for people with disabilities and learning difficulties. The trustees have worked closely with the Senior Leadership Team and have reviewed the provision we make within this objective and what that means for our clients, our residents, of whom there were 35 in 2021. Our commitment is to look at:

- how we provide for the wellbeing of the clients
- how we can ensure their long-term security
- what we can do to offer meaningful activity in their daily lives
- how we offer care and support

and, how we do this within current regulations and concepts of best practice.

In seeking to provide a well thought through, sustainable, high quality service, in surroundings where people feel supported and valued, we have sought specialist advice, particularly specialist charity legal advice. As we finalise plans for supported living agreements and the launch of Derwen Care, we shall continue to talk with and consult our clients and their families.

Achievements and performance

a. Key performance indicators

Excellent performance and quality

The College is characterised by a drive for continuous improvement and has strong and varied processes of reflection, evaluation and analysis.

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 at the end of the summer term by panels which include trustees. These rigorous self-assessment procedures led the College to grade its performance 2020–21 as good, with an expectation that it would be outstanding the following year!

There are numerous audit and monitoring procedures in place. In autumn 21 a Learning Review was commissioned, using an external consultant. This was part of the drive to ensure reflection on specific experiences and activities and leads to the lessons learnt being shared and implemented across the College.

Inspection and public recognition

External Quality Assurers' feedback from awarding bodies has been extremely positive.

Good checking systems are in place. All documents were signed and dated. Good practice was demonstrated throughout. All learners' work sampled was of an excellent standard with learners demonstrating a good understanding of the topics for all qualifications sampled. (BTEC report)

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Achievements and performance (continued)

The College holds the Matrix Standard and received the following comment following the three-day re-accreditation process:

a friendly, welcoming, and professional service that goes the extra mile to provide the students, staff, and employers with the opportunity to explore their specific needs. This linked to a culture within the service amongst leaders and staff that live and breathe the values of care, learning and personal development.

The College was inspected by Ofsted, under the new Inspection Framework, from 9–11 November 2021, gaining the following grades:

• Overall effectiveness	Good
• The quality of education	Good
• Behaviour and attitudes	Outstanding
• Personal development	Good
• Leadership and management	Good
• Provision for learners with high needs	Good

The report includes:

Learners are safe and enjoy their time at the College.

Senior leaders have created a caring, calm and inclusive environment for staff and students. Staff have high standards and clear expectations of learners' behaviour. As a result, staff support learners well. Learners' behaviour and attitudes are exceptional, and they make good progress in their vocational course and independent living skills.

Leaders plan vocational pathways well. After a period of core skill development, teachers help learners to apply their knowledge, skills and behaviours in internal and external work placements. Leaders have established industry champions to ensure that teachers train learners in the most up-to-date approaches and procedures for the sector.

During the pandemic, senior leaders invested in innovative ways of providing students access to realistic work opportunities. For example, they developed internal placement opportunities through a charity shop and food takeaway outlet. Students continued to develop their vocational skills during this time.

Learners become more independent in their personal lives. Through regular tutorials, learners participate in discussions and take more control of their decision making. They improve their ability to travel, shop, cook and manage their personal laundry. As they acquire these skills, they move successfully into more independent living arrangements.

Learners take pride in their achievements and are keen to learn more.

Learners benefit from a wide range of extra-curricular activities... Learners are encouraged to join the thriving student union and to represent their fellow students... Representatives improve their communication skills and negotiate improvements for the benefit of all learners.

It is three years since the Care Quality Commission inspection and re-inspection is awaited. The College submitted its Provider Information Report, as requested in September 2021.

During the regular monitoring of Food Safety and Hygiene standards all residences were awarded a five-star rating.

Many members of the public do not understand learning difficulties and disabilities and their impact on individuals – and on those closest to them. What may seem a small and inconsequential step to some people is, in fact, a major achievement and life changing. Staff and trustees are committed to ensuring life-enhancing progress for students and clients and feedback from families brings constant testimony to such progress.

When we look back at X's last three (and a bit) years, we can't help but smile and feel an overwhelming sense of pride. Our little boy has become a confident, independent, hard-working, self-assured young man and that is down to the relationships, experiences, education and training he has had with you. (Parent)

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Achievements and performance (continued)

We felt very supported by Derwen in the transition and importantly in the liaison with our local authority. I honestly can't think of anything you could improve on. XX and I remain incredibly grateful to everyone at Derwen for your care of XX – through thick and thin – over her four years with you. (Parent)

I took X to see her consultant paediatrician for her 'Diabetic Review'... Dr B had not seen X for nearly two years, and was astonished in what he called her transformation.He explained that X had lost nearly 3 stones and what she had done was 'absolutely amazing'. X explained that she was eating better at college, was more active in the gym, was swimming and hydro. She explained she was in the Panto.... The team felt that Derwen had been marvellous for her. (Parent)

and a social worker in Telford:

The college clearly have a trauma informed and nurturing approach to the young person, they ensured his views were put forward as part of the meeting and next steps, they spoke really fondly of him with positive regard. They have a clear plan to support with his social skills...

and from a member of the public, who saw a group out for a pizza one Saturday evening:

As a parent, as someone who works in education and just as a human being, I wanted to express my absolute awe at the amazing work your staff were doing to support your young people during their meal and also at how amazing your young people were with their manners and interaction with each other. They were all an absolute credit to your college and I haven't stopped thinking about their kind natures, compassion to each other and their engagement with the adult staff.

Development projects and College sites

2021 was characterised by a considerable amount of activity. At the main site, as The Derwen School (an independent operation not linked to this charity) closed, we were delighted to take back into our use the buildings they had used. This and our detailed review of all building usage and the approved accommodation strategy allowed for much adaptation and update of resources. Facilities for the new Nurture programme were put in place; all therapies and nursing services were grouped and moved to new premises; the programme of upgrading residences and flats was continued; facilities for Corner House (day students) and the swimming pool and sports hall were upgraded, Admissions moved in to the Art Centre. The agreed detailed development programme will continue in 2022.

The College opened its new charity shop, Vintage Advantage, to considerable press and public acclaim. This is providing work experience for our students and volunteering opportunities for our clients. The new Tip Top Take away service was developed as another work related experience, and proved a much needed service during the pandemic.

The Telford site completed a very successful first year and September saw the numbers more than double as a new intake arrived.

The Craven Arms site, for which a much more satisfactory building had been sought, moved to the Eco Park at Ludlow. This site has much potential and good transport links.

Work on the former Derwen Estate to transform it into a Duke of Edinburgh's Award Scheme base achieved just that: a transformation. It is intended that this facility will be made available to other similar groups.

Land which is part of the College main estate is on the market as development land and a purchaser identified.

As part of the Association of Colleges and Natspec SEND Pilot Partnerships Project, the College is working with our partner college, Hereford, Ludlow and North Shropshire College, focusing initially on reciprocal work experience placements.

Exciting partnership working is being explored with Al Noor, Dubai, and with the Kuwait Society for the Handicapped, who are seeking consultancy support for their vocational training.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Achievements and performance (continued)

Leadership, management and staffing

The Senior Leadership 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 Wellbeing and is supported by the Company Secretary. They have proved a committed, close working and very able team, with whom Governors work particularly closely. They ensure quality, provide real vision, drive and challenge and are supported by highly competent senior managers.

Staff numbers have increased, reflecting new and expanded provision and the increasing complexity of student disabilities. Nationally, the labour market has become much tighter but the College has yet to experience the critical recruitment difficulties many are experiencing. Continued professional development is closely monitored and any low completion rates actively followed up. A new online training platform and CPD Handbook have been launched in the autumn. Trustees have been pleased to see, indeed are almost envious of, the continually increasing staff wellbeing facilities and programme.

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 3 August 1932. It was varied or affected by schemes of the Charity Commission dated 25 January 1968 and 18 August 1972, and then consolidated in the Deed of 29 November 1988.

An incorporated charity was established on 18 July 2013, 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. 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.

The invitation to up to five local authorities to nominate a trustee was removed from the Articles during 2021. It was no longer appropriate or used.

Governors' activity in 2021

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.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Structure, governance and management (continued)

Much of the detailed analysis and scrutiny of the College's operation is managed by the committees, of which there are four. The Resources and Business Committee was formed in the summer 20 drawing together work previously undertaken by the Business and Finance, Estates, and Human Resources Committees. A new committee was formed at that time, Audit and Risk Assurance, and it has had a successful first year and undertaken work across the College's operation. The Standards and Effectiveness Committee continues its focus on care and the curriculum, and the Search and Governance Committee monitors the profile of the Board and the quality of governance.

The key decisions and main areas of activity during 2021 concerned:

- managing the Covid19 pandemic
- the adoption of a new Strategic Plan
- the adoption of the Accommodation Strategy
- participation in and review of the Ofsted inspection
- the adoption of a commercial activity 3-year plan
- establishing a Sustainability and Environment Committee
- monitoring of curricular provision and performance
- monitoring of Care action plans, safeguarding and therapies
- approval of the College's Self-Assessment Report
- adoption and monitoring of the budget and accounts, key financial performance indicators
- monitoring of Human Resource data and staff wellbeing
- review of development projects, and building and land developments
- health and safety and regulatory control monitoring
- the implementation of agreed procedures and processes
- the review of Risk Assurance and Business Continuity Plans
- the recruitment, training and performance of trustees

The Ofsted Report of the 9–11 November 2021 inspection recorded:

Governors are highly experienced within the education and care sector. They use their experience well to scrutinise the information they receive from senior leaders, managers and staff. They provide strong and appropriate support to senior managers. Governors have a comprehensive understanding of the recent Care Quality Commission inspection, action plan and progress made against the action plan.

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 two people co-opted to committees in 2021.

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.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Structure, governance and management (continued)

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.

f. The achievement of 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).

Derwen College transforms lives. The number of students who proceed to supported living, students' progress in managing their medication, travel and healthy eating, clients' response to the meaningful activities programme, the amazing number who gain Duke of Edinburgh's Awards each year (a total of 16 students have achieved Gold since enrolling in September 2020), the confidence shown in work placements, performances and encounters with the public, are all examples of significant development and growth. The quality of provision is inspected by Ofsted, the Care Quality Commission and other agencies. 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 high level of staff expertise is a key element of the College's management of learning, student support and innovation.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Structure, governance and management (continued)

g. 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 degree 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 2023, 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. The sale of further assets will have a significant positive effect.

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 College also furloughed some staff, and it was able to access grant monies to support the additional costs associated with minimising the risk and impact of Coronavirus infection and testing programmes.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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 £4,103,803 (2020: £4,905,660) of which restricted funds were £780,655 (2020: £626,834) and endowment £2,265,731 (2020: £2,867,573).

The unrestricted funds amounted to £1,057,417 (2020: £1,411,253) of which there is a surplus of £353,715 (2020: £666,923) 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 13 days (2020: 26 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 2019 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 (2020: £Nil).

c. Financial Summary

During the year the net movement in funds was a deficit of £801,857 (2020: £474,535 surplus). Net current assets have decreased to £353,715 (2020: £1,268,765) with the closing cash position decreasing to £880,377 (2020: £1,550,441).

The financial impact of the Covid-19 Pandemic on the 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. The loss of income has been managed carefully to ensure it has had minimum impact on the financial reserves of the College.

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.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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 86% of the total. All the £9,464,157 income raised during 2021 has been used to enable the College to meet its charitable objectives.

g. Fundraising activities and income generation

The usual annual fundraising events, the Walk and the Fete, have again had to be put on hold. Other initiatives have, however, generated some income. Students have undertaken sponsored activities, particularly while at home. The Easter Challenge for staff was to walk over 3,000 miles, visiting all the counties our students travel from, and in the summer fifty climbed Snowdon. Funding has been secured to remodel the waterside garden, behind the Bradbury Retail Centre (The Hub). This will be a three-year project, led by 'Leaf it to Us' students, assisted by Learning for Life. There was a virtual walk to Lapland at Christmas, and a monthly online draw, the Bonus Ball Competition, has been introduced. The Freemasons and Rotary organisations continue to support the Duke of Edinburgh's Award activities.

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. The major appeal for £1,000,000 launched to fund the further development and upgrading of the Agnes Hunt bungalow properties, is ongoing.

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. The investment strategy of the Derwen pension scheme has been the subject of a detailed review with very positive results.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

i. Plans for future periods

Looking ahead

Where next?

During recent years the College has managed a reduction in residential student numbers, a significant increase in day student numbers, the increase in the complexity of students' disabilities, the opening of three satellites, an expansion of the curricular programme, a major restructuring of provision for clients, the funding and opening of the hydrotherapy pool, massive improvements to buildings, and the sale of some assets. This has been achieved through team work, detailed planning, and without recourse to borrowing. The Senior Leadership Team and the trustees believe the charity is now in a strong position; it will embed the many developments and pursue its drive to improve continuously.

In the short term at least, Covid 19 will continue to have an impact. However national developments offer more unknowns and potential challenges. The publication of the High Needs Funding Review is awaited and will be critical. The Learning and Skills Bill going through Parliament must be closely followed. We await an all-age Autism Strategy, a Disability Strategy, a Review of Children in Care, and the outcome of consultation on the Mental Capacity Act.

We remain committed to providing an outstanding service to those with disabilities and learning difficulties

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.

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.

DERWEN COLLEGE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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.

Disclosure of information to auditors

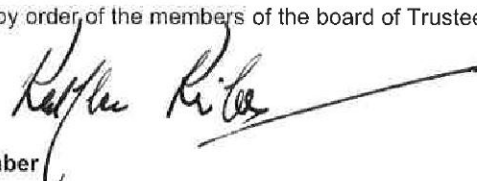
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that each 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:

14 June 2022

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 2021 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 2021 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

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

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

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

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

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 Charity'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 Charity's regulatory environment to ensure we could conclude that it had acted in accordance with the framework relevant to the Charity and its environment and identify any instances of non-compliance.
- We also assessed the Charity'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 Charity 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 trustees, 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 trustees 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:

12th July 2022

DERWEN COLLEGE

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income:						
Donations and legacies	5	434,598	84,419	-	519,017	192,060
Charitable activities	6	8,575,705	-	-	8,575,705	8,849,030
Other trading activities	7	369,395	-	-	369,395	176,406
Investments	8	40	-	-	40	147
Other income	9	-	-	-	-	584,964
Total income		9,379,738	84,419	-	9,464,157	9,802,607
Expenditure on:						
Raising funds	10	458,582	-	-	458,582	343,984
Charitable activities		9,778,399	29,033	-	9,807,432	8,984,088
Total expenditure		10,236,981	29,033	-	10,266,014	9,328,072
Net (expenditure)/income		(857,243)	55,386	-	(801,857)	474,535
Transfers between funds	19	503,407	98,435	(601,842)	-	-
Net movement in funds		(353,836)	153,821	(601,842)	(801,857)	474,535
Reconciliation of funds:						
Total funds brought forward		1,411,253	626,834	2,867,573	4,905,660	4,431,125
Net movement in funds		(353,836)	153,821	(601,842)	(801,857)	474,535
Total funds carried forward		1,057,417	780,655	2,265,731	4,103,803	4,905,660

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

The notes on pages 28 to 49 form part of these financial statements.

DERWEN COLLEGE
REGISTERED NUMBER: 08615826

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	15	3,750,088	3,636,895
		<u>3,750,088</u>	<u>3,636,895</u>
Current assets			
Stocks	16	41,193	21,723
Debtors	17	289,137	369,761
Cash at bank and in hand		880,377	1,550,441
		<u>1,210,707</u>	<u>1,941,925</u>
Creditors: amounts due within one year	18	(856,992)	(673,160)
Net current assets		<u>353,715</u>	<u>1,268,765</u>
Total assets less current liabilities		<u>4,103,803</u>	<u>4,905,660</u>
Net assets		<u>4,103,803</u>	<u>4,905,660</u>
Total net assets		<u><u>4,103,803</u></u>	<u><u>4,905,660</u></u>

DERWEN COLLEGE

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Charity funds			
Endowment funds	19	2,265,731	2,867,573
Restricted funds	19	780,655	626,834
Unrestricted funds	19	1,057,417	1,411,253
Total funds		4,103,803	4,905,660

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006.

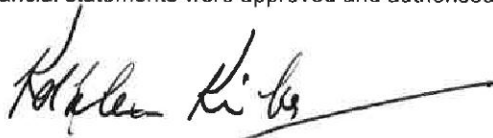
The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

However, an audit is required in accordance with section 144 of the Charities Act 2011.

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 have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

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



Mrs K Kimber

Chair

Date:

14 June 2022

DERWEN COLLEGE

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash used in operating activities	21	(455,364)	(88,697)
Cash flows from investing activities			
Dividends, interests and rents from investments		40	147
Proceeds from the sale of tangible fixed assets		-	550
Purchase of tangible fixed assets		(214,740)	(138,803)
Net cash used in investing activities		(214,700)	(138,106)
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		(670,064)	643,197
Cash and cash equivalents at the beginning of the year		1,550,441	907,244
Cash and cash equivalents at the end of the year	22	880,377	1,550,441

The notes on pages 28 to 49 form part of these financial statements

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 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.

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.

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

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.

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

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

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.

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.

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

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 was 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4. 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 2021**

5. Income from donations and legacies

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	46,416	84,419	130,835	63,220
Grants	388,182	-	388,182	128,840
Total 2021	<u>434,598</u>	<u>84,419</u>	<u>519,017</u>	<u>192,060</u>
<i>Total 2020</i>	<u>159,830</u>	<u>32,230</u>	<u>192,060</u>	

6. Income from charitable activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Training Fees	8,207,146	8,207,146	8,159,912
Miscellaneous Income	50,553	50,553	38,065
School Income	47,108	47,108	111,924
Short Breaks Income	86,280	86,280	126,275
Rental Income	91,688	91,688	92,143
Job Retention Scheme Income	92,930	92,930	320,711
Total 2021	<u>8,575,705</u>	<u>8,575,705</u>	<u>8,849,030</u>
<i>Total 2020</i>	<u>8,849,030</u>	<u>8,849,030</u>	

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. Income from other trading activities

Income from fundraising events

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Retail	224,879	224,879	118,186
Hospitality	144,516	144,516	58,220
Total 2021	369,395	369,395	176,406
<i>Total 2020</i>	<i>176,406</i>	<i>176,406</i>	

8. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Interest Receivable	40	40	147
Total 2021	40	40	147
<i>Total 2020</i>	<i>147</i>	<i>147</i>	

DERWEN COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Other incoming resources

	Unrestricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Sale of Assets	-	-	-	584,964
Total 2021	-	-	-	584,964
<i>Total 2020</i>	<i>551</i>	<i>584,413</i>	<i>584,964</i>	

10. Expenditure on raising funds

Other trading expenses

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Retail and Hospitality Expenditure	223,686	223,686	180,328
Retail and Hospitality Staff Costs	234,896	234,896	163,656
Total 2021	458,582	458,582	343,984
<i>Total 2020</i>	<i>343,984</i>	<i>343,984</i>	

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Education	3,032,164	-	3,032,164	2,643,072
Care	3,360,845	-	3,360,845	3,116,880
Administration	745,000	733,528	1,478,528	1,650,823
Campus & Estates	1,381,149	554,746	1,935,895	1,573,313
Total 2021	8,519,158	1,288,274	9,807,432	8,984,088
<i>Total 2020</i>	<i>7,541,858</i>	<i>1,442,230</i>	<i>8,984,088</i>	

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Education 2021 £	Care 2021 £	Administrative 2021 £	Campus & Estates 2021 £	Total funds 2021 £	Total funds 2020 £
Staff costs	2,748,904	2,964,500	-	-	5,713,404	5,370,719
Depreciation	-	-	101,546	-	101,546	61,947
Premises & Ground Costs	92,250	12,104	134,943	1,149,183	1,388,480	900,209
Equipment Repairs and Maintenance	37,141	35,462	15,593	132,533	220,729	189,335
Licences & Subscriptions	5,697	20,869	62,353	2,775	91,694	93,777
Legal , Professional & Consultation Costs	15,928	17,869	79,887	-	113,684	141,044
Cleaning and Consumables	22,898	116,030	976	60,252	200,156	197,771
Marketing and Advertising	1,793	680	16,476	-	18,949	11,733
Learning Equipment and Student Activities	55,221	4,924	46,748	654	107,547	97,971
Printing Stationery and Computing Consumables	39,714	13,521	167,598	1,807	222,640	230,217
College Transport	8,777	2,524	61,036	224	72,561	59,271
External Contractors	375	131,298	1,084	32,053	164,810	73,682
Miscellaneous	3,466	41,064	56,760	1,668	102,958	114,182
Total 2021	3,032,164	3,360,845	745,000	1,381,149	8,519,158	7,541,858
<i>Total 2020</i>	<i>2,643,072</i>	<i>3,116,880</i>	<i>765,828</i>	<i>1,016,078</i>	<i>7,541,858</i>	

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Analysis of expenditure by activities (continued)

Analysis of support costs

	Administrative 2021 £	Campus & Estates 2021 £	Total funds 2021 £	Total funds 2020 £
Staff costs	733,528	554,746	1,288,274	1,442,230
Total 2021	733,528	554,746	1,288,274	1,442,230
<i>Total 2020</i>	<i>884,995</i>	<i>557,235</i>	<i>1,442,230</i>	

12. Auditors' remuneration

	2021 £	2020 £
Fees payable to the College's auditor for the audit of the College's annual accounts	8,850	8,500
Fees payable to the College's auditor in respect of: All non-audit services not included above	1,750	1,600

13. Staff costs

	2021 £	2020 £
Wages and salaries	6,466,476	6,163,641
Social security costs	506,124	468,680
Pension costs	263,974	344,284
Agency costs	129,004	43,502
	7,365,578	7,020,107

Included in the above pension costs is a gain on curtailment of £Nil (2020: £Nil) from the defined benefit pension scheme. Refer to note 23.

Included in the above are redundancy payments of £6,592 (2020: £153,933) made payable to 2 (2020: 21) employees in the year.

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Staff costs (continued)

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

	2021 No.	2020 No.
Charitable staff	250	247
Administration and support	76	79
Management	4	4
	<u>330</u>	<u>330</u>

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

	2021 No.	2020 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 £328,116 (2020: £294,583). The remuneration and terms of conditions of the members of the SLT is agreed by the board following an established procedure.

14. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 December 2021, no Trustee expenses have been incurred (2020 - £NIL).

DERWEN COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Tangible fixed assets

	Freehold property £	Leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2021	12,676,268	467,780	609,122	253,841	14,007,011
Additions	24,000	74,434	116,306	-	214,740
At 31 December 2021	<u>12,700,268</u>	<u>542,214</u>	<u>725,428</u>	<u>253,841</u>	<u>14,221,751</u>
Depreciation					
At 1 January 2021	9,561,115	236,404	343,064	229,533	10,370,116
Charge for the year	-	29,033	61,295	11,219	101,547
At 31 December 2021	<u>9,561,115</u>	<u>265,437</u>	<u>404,359</u>	<u>240,752</u>	<u>10,471,663</u>
Net book value					
At 31 December 2021	<u>3,139,153</u>	<u>276,777</u>	<u>321,069</u>	<u>13,089</u>	<u>3,750,088</u>
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>

Included in freehold property is land at a cost of £124,168 (2020: £124,168).

16. Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>41,193</u>	<u>21,723</u>

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

17. Debtors

	2021 £	2020 £
Due within one year		
Trade debtors	132,874	203,395
Other debtors	25,979	-
Prepayments and accrued income	130,284	166,366
	<u>289,137</u>	<u>369,761</u>

18. Creditors: Amounts falling due within one year

	2021 £	2020 £
Payments received on account	302,382	130,381
Trade creditors	239,900	248,976
Other taxation and social security	140,589	110,977
Other creditors	32,759	35,701
Accruals and deferred income	141,362	147,125
	<u>856,992</u>	<u>673,160</u>

	2021 £	2020 £
Deferred income at 1 January 2021	19,934	9,457
Resources deferred during the year	-	19,934
Amounts released from previous periods	(19,934)	(9,457)
	<u>-</u>	<u>19,934</u>

DERWEN COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. Statement of funds

Statement of funds - current year

	Balance at 1 January 2021 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2021 £
Unrestricted funds					
Designated funds					
Infrastructure Improvement Fund	-	-	(601,842)	601,842	-
General funds					
General Funds - all funds	666,923	9,379,738	(9,562,626)	(130,320)	353,715
Fixed asset fund	744,330	-	(72,513)	31,885	703,702
	<u>1,411,253</u>	<u>9,379,738</u>	<u>(9,635,139)</u>	<u>(98,435)</u>	<u>1,057,417</u>
Total Unrestricted funds	<u>1,411,253</u>	<u>9,379,738</u>	<u>(10,236,981)</u>	<u>503,407</u>	<u>1,057,417</u>
Endowment funds					
Fixed asset fund	2,265,731	-	-	-	2,265,731
Expendable Endowment	601,842	-	-	(601,842)	-
	<u>2,867,573</u>	<u>-</u>	<u>-</u>	<u>(601,842)</u>	<u>2,265,731</u>
Restricted funds					
Fixed asset fund	626,834	84,419	(29,033)	98,435	780,655
Total of funds	<u>4,905,660</u>	<u>9,464,157</u>	<u>(10,266,014)</u>	<u>-</u>	<u>4,103,803</u>

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

19. Statement of funds (continued)

Statement of funds - prior 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	<u>641,945</u>	<u>32,230</u>	<u>(47,341)</u>	<u>-</u>	<u>626,834</u>
Total of funds	<u><u>4,431,125</u></u>	<u><u>9,802,607</u></u>	<u><u>(9,328,072)</u></u>	<u><u>-</u></u>	<u><u>4,905,660</u></u>

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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, £601,842 (2020: £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 prior 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.

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £
Tangible fixed assets	703,702	780,655	2,265,731	3,750,088
Current assets	1,210,707	-	-	1,210,707
Creditors due within one year	(856,992)	-	-	(856,992)
Total	1,057,417	780,655	2,265,731	4,103,803

DERWEN COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Endowment funds 2020 £</i>	<i>Total funds 2020 £</i>
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	<u>1,411,253</u>	<u>626,834</u>	<u>2,867,573</u>	<u>4,905,660</u>

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

	2021 £	2020 £
Net income/expenditure for the year (as per Statement of Financial Activities)	<u>(801,857)</u>	<u>474,535</u>
Adjustments for:		
Depreciation charges	101,547	61,947
Returns on investments and servicing of finance	(40)	(147)
Loss/(profit) on the sale of fixed assets	-	(584,964)
Decrease/(increase) in stocks	(19,470)	5,162
Decrease/(increase) in debtors	80,624	(73,580)
Increase in creditors	183,832	28,350
Net cash used in operating activities	<u>(455,364)</u>	<u>(88,697)</u>

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

22. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	880,377	1,550,441
Total cash and cash equivalents	880,377	1,550,441

23. Analysis of changes in net debt

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	1,550,441	(670,064)	880,377
	1,550,441	(670,064)	880,377

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

24. 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 £263,974 (2020: £245,267).

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 2021.

The amounts in the financial statements for the year ended 31 December 2021 relating to pensions are based on a full actuarial valuation dated 31 December 2017 and updated to 31 December 2021 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 2021 %	At 31 December 2020 %
Discount rate	1.80	1.40
Inflation (RPI)	3.50	3.10
Inflation (CPI)	2.90	2.40

	At 31 December 2021 Years	At 31 December 2020 Years
Mortality rates (in years)		
- for a male aged 65 now	21.7	21.8
- at 65 for a male aged 45 now	23.0	23.1
- for a female aged 65 now	23.5	23.7
- at 65 for a female aged 45 now	25.0	25.2

DERWEN COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

24. Pension commitments (continued)

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

	At 31 December 2021 £	<i>At 31 December 2020 £</i>
Corporate bonds	2,752,000	2,629,000
International Bonds	14,746,000	14,512,000
Cash and Others	56,000	149,000
Total fair value of assets	<u>17,554,000</u>	<u>17,290,000</u>

The actual return on scheme assets was £738,000 (2020 - £1,359,000).

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

	2021 £	<i>2020 £</i>
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	<u>-</u>	<u>40,000</u>

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

	2021 £
Opening defined benefit obligation	15,311,000
Admin Expenses	-
Actuarial Losses	(1,254,000)
Interest cost	211,000
Benefits paid	(474,000)
Liabilities extinguished on settlements	-
Closing defined benefit obligation	<u>13,794,000</u>

DERWEN COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

24. Pension commitments (continued)

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

	2021 £
Opening fair value of scheme assets	17,290,000
Interest income	239,000
Assets distributed on settlements	-
Benefits paid	(474,000)
Actuarial Gains	499,000
Closing fair value of scheme assets	17,554,000

The College has an unrecognised gain of £3,760,000 (2020 - £1,979,000) 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.

25. Operating lease commitments

At 31 December 2021 the College had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	11,910	24,721
Later than 1 year and not later than 5 years	10,347	23,929
	22,257	48,650

26. 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.

DERWEN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

27. Related party transactions

Barbara Court is a director of Courthouse Consulting to which purchases were made at arm's length during the year of £Nil (2020: £29,305). The amounts owing to the company at the year end was £Nil (2020: £Nil).

During the year purchases of £215 (2020: £Nil) were made at arm's length from James Ward, a director. The amounts owing at the year end was £Nil (2020: £Nil).

28. Post balance sheet events

On 19 May 2022 the College completed a sale of property generating net proceeds of £191,435.

On 10 June 2022 the College completed a sale of land generating net proceeds of £1,043,835.

