



Trustees' Report and Financial Statements

For the year ended 31 December 2022



Registered Number 8615826 | Charity Number 1153280
DERWEN COLLEGE | WHITTINGTON ROAD, GOBOWEN SY11 3JA

The Trustees' Report for the Year ended 31 December 2022

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Trustees, who are also the directors of the Derwen College charity and known as governors, here, present their annual report on the main activities of the College, together with the audited financial statements of the College, for the year 1 January 2022 to 31 December 2022.

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 following were members of the Board during 2022:

- Kathleen Kimber – Chair and Chair of Search and Governance
- Helen Owens – Vice Chair resigned 30 July 2022
- Lucy (C S) Beaumont
- Louise Burns – trustee from 14 July 2022 and Chair of Audit and Risk Assurance
- Barbara Court – stood down from Chair of Audit and Risk Assurance 14 July 2022
- Mick Cowan – Chair of Standards and Effectiveness
- Vicki Cox
- Paul Crosby – co-optee to Resources and Business
- Paul Evison
- Elizabeth Leigh
- Mark Lord – Vice-Chair from 6 October 2022
- Paul Milner – trustee to 14 July 2022. Co-optee to Resources and Business from 14 July 2022
- Marianne Rolland – resigned as co-optee to Standards & Effectiveness 7 January 2022
- Helen Smith – trustee to 14 July 2022. Co-optee to Standards and Effectiveness from 14 July 2022
- Jamie Ward – Chair of Resources & Business

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. We are delighted that in 2022 face-to-face meetings became possible once more and Board members were able to begin to 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

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

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

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

Excel in every aspect of our operation - Areas of focus

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

Make the most of our exceptional resources - Areas of focus

- Accommodation review and planning
- Campus management
- Commercial developments
- Satellite opportunities
- Safeguarding
- Partnerships

Be trailblazers, initiators and researchers - Areas of focus

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

The College's Values:



Derwen College

2022 – Public recognition

The College had gained significant, national prestigious awards in 2021. This continued throughout 2022:

Adult Student of the Year – Amy Jude

There are some 1,700 adult further education students in England and each year the Association of Colleges recognises students who have excelled and gone above and beyond others. On 15 November, Amy was awarded the Adult Student of the Year, an outstanding achievement. Amy was applauded for:

her commitment, passion and sense of justice. During her time at the college, Amy became an impressive ambassador for people with learning difficulties and disabilities, for women and for all minorities.

The Natspec Bulletin wrote of her:

She is a bold and impressive young woman who has Optic Nerve Hypoplasia – resulting in multiple hormone deficiencies and a visual impairment, autism, hypersensitivity, learning difficulties and ARFID (food intake disorder). She is a force to be reckoned with.

During her time at College, she represented fellow students as President of the Student Union for two years' running. She was never afraid to raise issues with the senior leadership team and governors.

She also represented Derwen College at Natspec Student Parliament. She was part of the national gathering of student representatives from specialist colleges who come together to discuss and collaborate on issues that are important to them. At the 2022 Natspec Conference, Amy delivered the opening speech on the final day, speaking eloquently and with passion about what further education had meant for her.

These achievements are on top of Amy's studies and work experience as a Performing Arts student. She is a talented actress, who has embraced lead roles in the College's Christmas and Summer Shows, taken part in community performances and competitions, written and delivered moving monologues about inclusion, and inspired dancers of all ages while working at a local dance school.

Amy has risen to every challenge, never allowing disability to become a barrier to her ambitions.

Amy's mum Kirsten said "...at Derwen we saw her confidence soar. She has achieved so much, including her Gold Duke of Edinburgh's Award, and now Adult Student of the Year. We are very proud that she's developed from that quiet and shy little girl to a young woman who can deliver a rousing speech or star performance."

The Queen's Award for Enterprise – Promoting Opportunity category

The College was one of only nine UK award winners in this category. It was based on the College's mission to educate, inspire and empower young adults to lead the lives they choose, with a focus on the vocational skills and on-the-job training provided to enable many of them to access further training and employment back in their home areas.

The Queen's Award judges recognised the life-changing value of students learning in the customer-facing Marketplace – Garden Centre & Gift Shop, Walled Garden Cafe, The Orangery Restaurant, Hotel 751 and the Vintage Charity Shop, where students learn skills in an industry-standard environment.

The bid also recognised the College's work to build partnerships with local and national businesses, in areas which are relevant to the students' learning and desired employment outcomes, and our work with industry champions. Even the College's green credentials, customer and supplier relations, and students and staff wellbeing were examined as part of this extensive process.

Makaton Friendly

Makaton is a language programme that combines signs, symbols and speech to provide multiple ways to enable people to communicate. Derwen College is the first specialist college to be awarded Makaton Silver Status, the highest Makaton charity accreditation. Led by a team of six tutors, there has been a cross-college initiative of training, with 75% of student-facing staff needing to reach at least Level 2. More than 20% of staff have reached the advanced Level 4, and 10% have attended workshops in Makaton for Safeguarding, an area where clear communication is vitally important. The College's Head of Speech and Language, is a senior tutor for Makaton and is also the symbols advisor for The Makaton Charity

The Autism Specialist Award

The National Autistic Society Lead Assessor, Jonny Knowles, in presenting the official Autism Specialist Award certificate spoke of how much he had enjoyed working with the College for three years. He added, 'Having spent two days at Derwen College, even staying the night at the College's Hotel 751, I can say it is unique to anywhere I've seen. We were blown away by the unique offer you have here and person-centred aspirations for students.'

The development work was college-wide, combining expertise from the therapies team, nurses, teaching, sports and leisure, and care staff, as well as listening to the needs of the real experts – the students. The College is the only accredited centre in Shropshire.

SEND Awards 2022 – Winners in:
Inclusion in Higher and Further Education
Support into Employment

Natspec Award for 'Pathways Into Employment'

Recognised how staff adapted and created work experience opportunities for students and interns, during the pandemic.

AoC Beacon Awards

Commended the College in the Support for Students category.

Snapshots of highlights and activities during 2022

January

Four of our students were taking part in a study to investigate how eye shape can affect focusing and vision in people with Down's syndrome. Students volunteered for the optometry study by Aston University. www.bit.ly/EyeStudyAston

February

The new sensory room for Nurture Students was completed. Nurture students, who have profound and multiple learning disabilities, are benefitting hugely from this new state-of-the-art provision. The room was designed by Premier Solutions, and offers a dedicated space for therapeutic development and sensory play. It features a vibrating plinth, light tube, projector and music, and is designed to give students maximum control of their surroundings.

March

The Student Union Board went to London, a visit which included a tour of the Houses of Parliament and the theatre.

BBC children's news programme, *Newsround*, sent presenter Martin Dougan to visit the College to meet two Duke of Edinburgh's Gold award students for a feature to be broadcast on World Down's Syndrome Day.

April

The first Spinathon: sports teachers Sian Roberts and Steve Evans pedalled spin bikes for 24 hours, to raise funds for equipment. They were well supported for briefer periods by numerous colleagues, friends and students, raising nearly over £8,000.

The first three colonies of bees were installed and honey was being sold in July.

Derwen College

May

College won Initiative of the Year in the Aico Community Awards, for the creation of The Vintage Advantage, which provides work placements for students, interns and clients.

28 May – the first time traditional key events were put together: sponsored walk, fun run and Fete.

Through the summer term – Derwen Dance Crew (DDC) performed at a West Midlands street dance competition, winning second place. Many of the students collected trophies for solo performances! The talented sign, song and dance group DOT (Derwen on Tour) gave several performances, including Gobowen School fete and Mark Lord's Charity Concert. They returned to Llangollen International Musical Eisteddfod, for the third time, as part of the Inclusion Project.

June

The Platinum Jubilee street party was a great success. The College looked splendid decked out in red, white and blue, and students enjoyed a barbecue, and were even treated to a visit from a uniformed Welsh Guard.

The Summer Show, called 'Included', was performed to much acclaim. The audience of families, friends and VIPs, included Coronation Street and Waterloo Road actor Sam Retford, and a producer and writer from Hollyoaks. They have promised to look at opportunities to work together in the future. Principal Meryl Green said: 'The team didn't shy away from some hard-hitting themes and, to me, this was absolutely right for our college and our young adults. I enjoyed all the different scenes and thought that they were linked very cleverly with strong, relevant messages. The quality of dance and singing was also amazing.'

July

The first off-site prom, which was held at The Venue, and involved plenty of glamour, dancing, cake and mocktails.

The Duke of Edinburgh's Awards: the success of 57 students were marked in a celebration which was attended by local dignitaries, families and DofE Awards officials. Students reflected on how they had been challenged by learning skills, volunteering, completing physical elements and undertaking an expedition.

There was a Sports Day, prize giving and leaving parties across College.

The Clients completed their moves into their supported living accommodation throughout the summer.

October

Autism Advisor, Helen Evans, delivered a presentation on research skills training for students at Natspec's Leamer Voice Practitioner network meeting. The project, which is part of her ongoing PhD study, is the first of its kind to focus on students with SEND as researchers.

November

Walford's Leaf it to Us team were awarded a Certificate of Appreciation from the Baschurch Parish Council for all the hard work that staff and students contributed to the Baschurch Community: roundabout, cemetery and local spots.

December

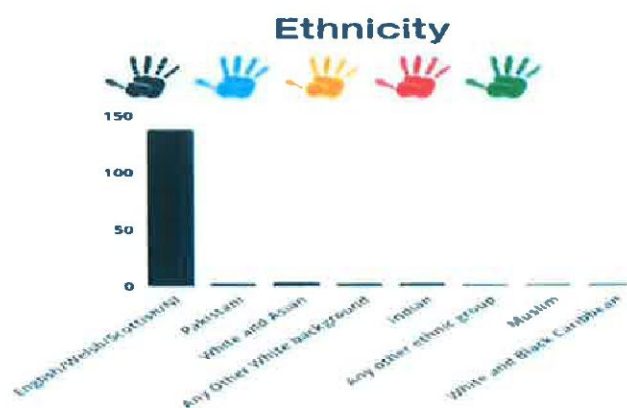
The talented Derwen Dance Crew (DDC) were dancing for joy after winning trophies and medals galore at a street dance competition, the Audacity Winter Street Dance competition in Walsall. Many of the students were new to competitions.

Two floats were entered in the Oswestry Christmas parade.

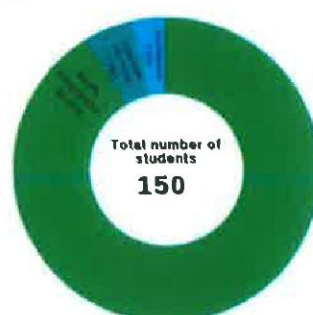
And Covid Regulations and the need for safe procedures continued throughout the year. In February and in December, the last week of the Autumn term, there was particular activity, and everyone worked hard to minimise disruption and deal with the impact.

The Students in 2022

The Student cohort in Autumn 2022



- Students on Study Programme 137
- Students on Supported Internship 8
- Students on Springboard 5

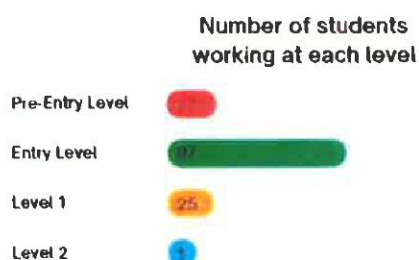
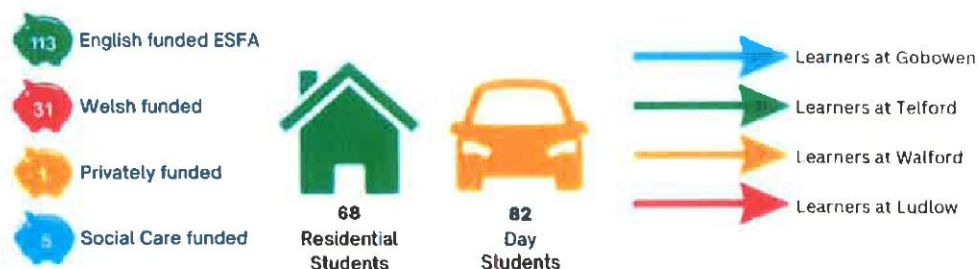


33% Male Learners 16+ yrs
Total: 50

13% Younger Learners 16-18 yrs
Total: 20

27% Female Learners 16+ yrs
Total: 41

27% Male Learners 16+ yrs
Total: 41



Learner's Main Pathway



Primary Learning Difficulty/Disability



Total Learners with Learning Difficulty/Disability



Pathways and Programmes

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. The following Pathways and Programmes are available:

Gobowen Main Site: residential and day

- ❖ Horticulture (vocational pathway)
- ❖ Hospitality and Food (vocational pathway)
- ❖ Retail and Enterprise (vocational pathway)
- ❖ Performing Arts (vocational pathway)
- ❖ Learning for Life (programme)
- ❖ Nurture (programme)
- ❖ Springboard (programme – funded through Social Care)
- ❖ Supported Internships (programme)

Ludlow: day provision

- ❖ Business Support and Enterprise (vocational pathway)
- ❖ Learning for Life (programme)
- ❖ Springboard (programme)*
- ❖ Supported Internships (programme -funded through Social Care)

Telford: day provision

- ❖ Business Support, Sales and Marketing (vocational pathway)
- ❖ Hospitality (vocational pathway)
- ❖ Learning for Life (programme)
- ❖ Springboard (programme – funded through Social Care)
- ❖ Supported Internships (programme)

Walford: day provision

- ❖ Horticulture (vocational pathway)
- ❖ Sport and Fitness (vocational pathway)
- ❖ Learning for Life (programme)
- ❖ Springboard (programme – funded through Social Care)
- ❖ Supported Internships (programme)

Independence	Functional Skills
<p>This may include:</p> <ul style="list-style-type: none"> • Travel training • Skills in the home, such as preparing and cooking food, laundry, hoovering • Skills in the community, such as shopping, budgeting, personal safety 	<p>Functional Skills comprises of English, maths and ICT and is delivered through small discrete groups and embedded into every aspect of the pathway. It is linked to vocational activities and everyday life.</p>
Sport, leisure and wellbeing	Careers Education, Information, Advice and Guidance (CEIAG)
<p>There is an extensive range of wellbeing activities at evenings and weekends for residential students. These include swimming, gym, football, Boccia, arts, karaoke, cinema, theatre and shopping trips. Special occasions are celebrated including prize-giving, prom, religious festivals, and events, and all students are invited to take part.</p>	<p>CEIAG is an integral part of the programme. Students on a vocational pathway take part in small group employability sessions. External guests are also invited to talk to students about their experiences outside of College. Impartial CEIAG is also provided by an external Careers Lead.</p>

Derwen College

Learner Voice and Student Union Board	Universal therapy provision
Derwen College Student Union (SU) is affiliated to the National Union of Students. Each October, students vote for who they want to represent them on the SU Board. There is one representative and one deputy representative from each pathway. Students learn how to communicate their likes, dislikes, and thoughts, and how to represent the thoughts of other students to make Derwen College a special place for all of them.	All students benefit from access to therapy services enabling a universal approach to developing independence in preparation for adulthood and transition post-College.
Personal, social and health education (PSHE)	Specialist therapy provision
Learners take part in all of the following PSHE modules: <ul style="list-style-type: none"> Online safety – modules 1, 2 and 3 Managing relationships Rights and cultures Drugs and alcohol awareness Moving on Relationships and sex education, including bespoke support for anyone who needs it. 	Specialist therapy need should be identified in the EHCP or IDP, but the therapy team may recommend additions/alterations to outcomes and further therapy provision. A student's specialist provision will be reviewed regularly, to ensure it meets their needs in the College environment. Therapy will be delivered in the most appropriate way to enable students to achieve their individual goals and outcomes. The students also have time to spend with the College therapy dog.
	Targeted therapy provision
	Targeted therapy provision is available following referral to the integrated therapy team.

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. National average of young people with SEND going into work – 5.4%

Destination date for July 22 leavers: Work and living/accommodation

Collection – year	Planned 21–22		Actual 21–22	
	Work			
Planned leavers destination (Identified at transition review)	41		43	
Paid work 16hrs+	0	0%	1	2.33%
Paid work less than 16hrs	9	21.95%	4	9.3%
Voluntary work	7	17.07%	9	20.93%
Local College or training programme	16	39.03%	16	37.21%
Not know at this stage	9	21.95		
Not in paid employment but looking for work			6	13.95%
Community activities			4	9.30%
No response			3	6.98%

Collection – year	Planned 21–22		Actual 21–22	
Living				
Supported independent living	27	65.9%	10	23.26%
Residential placement	1	2.4%	2	4.65%
Not known at this stage	13	31.7%		
Living with family			17	39.53%
Living with family pending supported living			7	16.28%
No response			7	16.28%

The clients in 2022

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 34 in 2022. Our commitment is to offer high quality supported living and to continue 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. Derwen Care has been established to provide support for those needing it. All clients now have an up to date tenancy agreement.

Achievements and performance

Excellent performance and quality

The College, a learning establishment, 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 2021–22 as good.

There are numerous audit and monitoring procedures in place. In 22 a Governance 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. The College holds the Matrix Standard and was re-accredited in 2021.

Derwen College

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:

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.

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 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.

The Care Quality Commission carried out a focused inspection on 16 and 17 November, reviewing specific areas identified in their 2019 inspection. The College has the following grades:

Is the service safe?	Good
Is the service effective?	Good
Is the service caring?	Good
Is the service responsive?	Good
Is the service well-led?	Good

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 change to some people is, in fact, a major achievement and life changing. Staff and trustees are committed to ensuring life-enhancing development for students and clients and feedback from families brings constant testimony to such progress.

He is doing so well throughout all work areas. When I think what he was first like when he started at college, to where he is now. The distance travelled by (student) has been huge. You should be extremely proud.

A huge thank you to you and all the staff involved in the recent Snowdonia trip. (Student) has really enjoyed her time working towards her Gold Award. After seeing the wonderful images on the film of students out walking and camping it made me so proud to be a parent and see how much effort and time goes into giving students the opportunities to participate. Cannot say a big enough Thank-you.

Just want to say a big Thank you. (Short Breaks guest) absolutely loved it and can't wait to stay again. Very strange having a weekend on our own. She loved all the staff and felt at home. It's fantastic that she felt so comfortable. Thanks.

And from a journalist who reported at length for the professional journal FE WEEK:

Step through the gates and it becomes clear the College has vast amounts of space, 52 acres in total. On a tour I go past orchards, a walled garden, commercial greenhouses, a garden centre, a period drama-esque building plus restaurant a 'nurture centre' for students with profound and multiple learning difficulties, huge games pitches and a fully functioning hotel ... Oh, and a vintage shop. It's more like arriving at a self-sufficient village than a college.

Only at Derwen have I been perfectly served lunch and shown into a hotel room by someone with Downs Syndrome Why never before? To bring that better world into being Derwen College is modelling it here. That's why its huge emphasis on bringing the public into its spaces matters so much.

Jess Staufenberg, 4 March 2022

And from the Commissioning Manager of a local authority, who visited on 23 November:

...From reviewing files, speaking to staff and students it is evidence students are not only progressing well and benefitting from applying their learning direct into vocational settings, but they benefit from a wealth of activity choices, enabling them to gain the softer skills of socialization, making friends and building confidence. I found all records to be in order with strong safeguarding processes in place. Medication and care practices are robust.

And from a member of the public:

I stopped off after taking my little boy to the orthopaedic hospital. I just spotted the sign for a Garden centre. My little boy has downs syndrome and after a difficult hospital appointment it was so uplifting to visit. Firstly being served by staff (with learning diffs) who could sign Makaton was so lovely for my little boy and also to see adults with ds busy working. Lovely to see the display boards too with pictures of adults with down syndrome. What an amazing place !

Development projects and College sites

Change and innovation are constant and good progress was made with development projects underway. Land which was part of the College main estate was sold as development land. Work on the former Derwen Estates to transform it into a Duke of Edinburgh's Award Centre achieved just that: a transformation. It is the first of its kind in the country, sporting the official DofE sign. The area offers classroom space and an outdoor area where students can learn and practise DofE skills across uneven tracks, light a fire and use equipment such as stiles and gates, and even a practice canoe. This facility will be made available to other similar groups. Another trailblazing initiative.

The adaptation of bungalows 21 and 22 was completed to provide five-bedroom independence accommodation, wheelchair accessible, with a communal kitchen and dining room, two lounge areas and an outdoor eating and relaxation area. Five long term residents/ clients have moved in.

In December 2021 the new Environmental and Sustainability Committee came together. During 2022 the Board supported the College commitment to the Shropshire Zero Carbon pledge, the group's objectives and aims were agreed, members received Carbon Literacy training, and a detailed Reduction of Carbon Footprint Action Plan was costed and agreed.

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

Early 2022 saw the rollout of the newly developed brand, working in conjunction with a local design agency. The focus on transforming our visual image and impact has been achieved through campus signage, publications and document design, and the website. Accessibility has been a major focus, for example, text size and font, contrast colours and dyslexia friendly options.

Derwen College

The major development work and a significant amount of time have been spent on developing our partnership with Al Noor, Dubai, and with the Kuwait Society for the Handicapped (KSH). In February a feasibility trip explored options for Derwen to provide a consultancy service for a vocational programme that KSH wanted to set up at their brand-new college. Once opened, it would be the first ever specialist college in Kuwait. This was seen as an exciting opportunity for Derwen to expand its reach internationally. Much discussion, analysis and further visits led to the signing of a contract for consultancy support. A project and delivery plan have been agreed.

Governance, structure and management

Governance

Constitution

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

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.

Governors' activity in 2022

The Board enjoys a very positive working relationship with the Senior Leadership Team, which recognises the need for governors to provide effective challenge as well as active support.

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 2020 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 has 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.

Governors were delighted to be able to access the College sites again at times during the year, as Covid procedures were amended. For those fairly new to the Board there was at last the opportunity to become familiar with the operation of the College and those who work here.

It was decided that a review of governance should take place and an external consultant was given the brief to examine and comment on:

1. Effectiveness: How does governance impact on the College?
2. Culture and relationships: what are the dynamics and are support and challenge appropriate?
3. Suggestions for improving the strategic planning process with the Senior Leadership Team.
4. The effectiveness of the role, input and influence of the Clerk.

Formal feedback is awaited.

Major decisions and areas of activity during 2022 concerned:

- ❖ The consultancy agreement with Kuwait Society for the Handicapped (KSH)
- ❖ The sale of a significant area of development land.

Governors give generously of their time, experience and expertise. This is not confined to meetings! Governor Mark Lord's '6 Perfect 10s' fundraising concert, which took place at the Holroyd Community Theatre in the summer, was a huge success. The concert featured Performing Arts students, with canapes and drinks served by Hospitality & Food students. Ticket sales and a raffle raised just under £3,000. This was a novel way to celebrate one's 60th birthday.

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.

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

Policies adopted for the induction and training of Trustees

Governors receive an appropriately resourced induction when they join the board. This includes meetings with senior management and formal, often on-line, training. Governors have links with senior management and access to videos covering all areas of the charity's work. Governors have briefings, site visits, learning walks and ongoing learning and development.

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, 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 and commitment are key elements of the College's management of learning, student support and innovation.

Derwen College

It is also evident that, in meeting the specific complex needs of those with SEND from across the country, Derwen College represents efficient and effective use of public money. These students need access to much specialist provision, and it often needs to be on hand every day. It is only when sufficient numbers of students come together that employing specialist teachers, therapists, nurses, and care staff becomes achievable. Smaller establishments are not able to recruit and retain staff in this way. In order to meet the commitment to post-16 students with significant SEND, national specialist colleges are essential.

Leadership, management and staffing

The Senior Leadership Team (SLT) 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/heads.

Staff numbers have increased, reflecting new and expanded provision and the increasing complexity of students' 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. Trustees have been pleased to see, indeed are almost envious of, the continually increasing staff wellbeing facilities and programme.

Pay policy for key management personnel

The remuneration and terms and conditions of employment 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 and Vice-Chair of the Board meet and consider all the feedback and comment, working with the CEO/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.

Employee involvement, employment of people with disabilities and volunteers

Employees are consulted on issues of concern to them by means of the Staff Forum, staff meetings and a confidential and anonymous website link. They have been kept informed on specific matters directly by management and through the regular Staff Newsletter. The College carries out a biennial 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 wellbeing continues to characterise much of the work, including a FUN Fund for activities by teams of staff, 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 and monitored. There has been a particular focus on professional development and qualifications.

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

Financial review

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 December 2024, and having taken key strategic decisions, the trustees are confident the charity has 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.

Reserves policy

The note to the accounts shows 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 £4,635,083 (2021: £4,103,803) of which restricted funds were £448,458 (2021: £780,655) and endowment £2,930,280 (2021: £2,265,731).

The unrestricted funds amounted to £1,260,345 (2021: £1,057,417) of which there is a surplus of £438,044 (2021: £353,715) 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 15 days (2021: 13 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, it therefore currently has no active members. As a result, the pension asset is no longer included within the Charity's balance sheet (2021: £Nil).

Financial Summary

During the year the net movement in funds was a surplus of £531,280 (2021: £801,857 deficit). Net current assets have increased to £997,010 (2021: £353,715) with the closing cash position increasing to £1,318,848 (2021: £880,377).

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, Derwen Marketplace, 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. In 2017 the central area of the College became pedestrianised. Departmental operational risk management encompasses all locations and individuals. Since 2019 there has been an ongoing major programme of installation of CCTV monitoring equipment and the replacement of intruder alarms.

Derwen College

Site safety is reviewed through the Health and Safety Committee, which includes governor membership, is audited by specialist advisors and monitored by external agencies. A full-time Health and Safety Manager ensures the scrutiny of all aspects of H&S and appropriate action plans are 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 all individuals as appropriate.

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.

Principal funding

The main source of income is generated from student and client fees paid for by local and central Government and amounts to 87% of the total. All the £11,925,119 income raised during 2022 has been used to enable the College to meet its charitable objectives.

Fundraising activities and income generation

The usual annual fundraising events, the Walk, Run and the Fete, have been reintroduced and were held on the same day. Major activity has included:

- ❖ Donations £191,000
- ❖ The Vintage Advantage Shop £95,000
- ❖ Summer Fete & Christmas Fair £26,500
- ❖ The Fun Walk and Run, followed by the Fete, in May brought a welcome return to fundraising events, after the Covid 19 restrictions, and raised £14,500.
- ❖ Income of £12,000 was generated through the Christmas Fair. Students have undertaken sponsored activities, and staff are not slow to donate their time and energy.
- ❖ The notable event of 2022 was the Spinathon in April, which raised £7,853.
- ❖ The Freemasons and Rotary organisations continue to give generously to support the Duke of Edinburgh's Award activities.
- ❖ Three volunteer days have seen staff from HSBC, WR Partners and British Gas Engineers and have transformed the woodland area and made the Woodland Walk pathways accessible for all our students.
- ❖ Staff at Persimmon Homes Telford took on the Three Peaks Challenge in the summer for local charities.

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. In 2022 significant donations were received from the Basil Houghton Memorial Trust (£50,000), The Bernard Sunley Foundation (£60,000) and The Bailey Thomas Fund (£25,000)

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.

Plans for the future

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, the sale of some assets, the management of Covid 19's impact, a review of strategic priorities, and a step into international consultancy. 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.

However national developments continue to offer more unknowns and potential challenges. The results of the consultation on the SEND and Alternative Provision (AP) Review are awaited. Both the College and the Board submitted responses and the Board added a statement about meeting high need, low incidence disability post-16 and its funding. Additional Learning Needs (ALN) Transformation – Wales, led by the Welsh Government, is covering similar ground. The impact of the Skills and Post 16 Education Bill, which came into force on 28th April 22, and the reclassification by the Office for National Statistics of Further Education colleges into the public sector in November must be monitored carefully.

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.

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

We remain dedicated to ensuring the very diverse needs of those whom we serve are met exceptionally well.

Approved by the Board of Trustees on 21 June 2023



Signed by Mrs Kathleen Kimber, Chair of Trustees

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.

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
- 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 Kathleen Kimber, Chair of Trustees

Date: 21 June 2023

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 2022 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 2022 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.

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

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Malpass BSc FCA (Senior statutory auditor)

for and on behalf of

WR Partners

Chartered Accountants and Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

Date:

30th June 2023

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2022**

		Unrestricted funds 2022	Restricted funds 2022	Endowment funds 2022	Total funds 2022	Total funds 2021
Note		£	£	£	£	£
Income:						
Donations and legacies	4	289,263	149,079	-	438,342	519,017
Charitable activities	5	9,956,879	-	-	9,956,879	8,575,705
Other trading activities	6	549,188	-	-	549,188	369,395
Investments	7	308	-	-	308	40
Other income	8	-	(45,958)	1,026,360	980,402	-
Total income		10,795,638	103,121	1,026,360	11,925,119	9,464,157
Expenditure on:						
Raising funds	9	568,496	-	-	568,496	458,582
Charitable activities	10	10,092,591	247,883	484,869	10,825,343	9,807,432
Total expenditure		10,661,087	247,883	484,869	11,393,839	10,266,014
Net income/(expenditure)		134,551	(144,762)	541,491	531,280	(801,857)
Transfers between funds	19	68,377	(191,435)	123,058	-	-
Net movement in funds		202,928	(336,197)	664,549	531,280	(801,857)
Reconciliation of funds:						
Total funds brought forward		1,057,417	780,655	2,265,731	4,103,803	4,905,660
Net movement in funds		202,928	(336,197)	664,549	531,280	(801,857)
Total funds carried forward		1,260,345	444,458	2,930,280	4,635,083	4,103,803

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

The notes on pages 27 to 47 form part of these financial statements.

REGISTERED NUMBER: 08615826

**BALANCE SHEET
AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	3,637,973	3,750,086
Investments	15	100	-
		<u>3,638,073</u>	<u>3,750,086</u>
Current assets			
Stocks	16	38,899	41,193
Debtors	17	508,329	289,137
Cash at bank and in hand		1,318,848	880,377
		<u>1,866,076</u>	<u>1,210,707</u>
Creditors: amounts due within one year	18	(869,066)	(856,992)
Net current assets		<u>997,010</u>	<u>353,715</u>
Total assets less current liabilities		<u>4,635,083</u>	<u>4,103,803</u>
Net assets		<u>4,635,083</u>	<u>4,103,803</u>
Total net assets		<u>4,635,083</u>	<u>4,103,803</u>
Charity funds			
Endowment funds	19	2,930,280	2,265,731
Restricted funds	19	444,458	780,655
Unrestricted funds	19	1,260,345	1,057,417
Total funds		<u>4,635,083</u>	<u>4,103,803</u>

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

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



Mrs K Kimber
Chair
Date: 21 June 2023

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash used in operating activities		(550,088)	(455,364)
Cash flows from investing activities			
Dividends, interests and rents from investments		308	40
Proceeds from the sale of tangible fixed assets		1,235,270	-
Purchase of tangible fixed assets		(247,019)	(214,740)
Net cash provided by/(used in) investing activities		988,559	(214,700)
Cash flows from financing activities			
Net cash provided by financing activities		-	-
Change in cash and cash equivalents in the year		438,471	(670,064)
Cash and cash equivalents at the beginning of the year		880,377	1,550,441
Cash and cash equivalents at the end of the year		<u>1,318,848</u>	<u>880,377</u>

The notes on pages 27 to 47 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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, registered in England and Wales. 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 2022 no material uncertainties existed that would impact the going concern basis that these financial statements are prepared upon.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of financial activities as the related expenditure is incurred.

2.8 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.9 Tangible fixed assets and depreciation (continued)

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
Fixtures, plant and machinery	- 14% on a straight line basis
Motor vehicles	- 25% on a straight line basis

2.9 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.

2.10 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

2.11 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.

2.12 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.

2.13 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.14 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.

2.15 Financial instruments

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

2.16 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.

2.17 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. There are no 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Income from donations and legacies

	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022	Total funds 2021
	£	£	£	£
Donations	44,795	149,079	193,874	130,835
Grants	1,705	-	1,705	1,250
Government grants	242,763	-	242,763	386,932
Total 2022				
	<u>289,263</u>	<u>149,079</u>	<u>438,342</u>	<u>519,017</u>
<i>Total 2021</i>				
	<u>434,598</u>	<u>84,419</u>	<u>519,017</u>	

5. Income from charitable activities

	Unrestricted funds 2022	Total funds 2022	Total funds 2021
	£	£	£
Training Fees	9,483,181	9,483,181	8,207,146
Miscellaneous Income	106,508	106,508	50,553
School Income	-	-	47,108
Short Breaks Income	237,469	237,469	86,280
Rental Income	129,721	129,721	91,688
Job Retention Scheme Income	-	-	92,930
Total 2022			
	<u>9,956,879</u>	<u>9,956,879</u>	<u>8,575,705</u>
<i>Total 2021</i>			
	<u>8,575,705</u>	<u>8,575,705</u>	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Income from other trading activities

Income from fundraising events

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Retail	298,367	298,367	224,879
Hospitality	250,821	250,821	144,516
Total 2022			
	<u>549,188</u>	<u>549,188</u>	<u>369,395</u>
<i>Total 2021</i>			
	<u>369,395</u>	<u>369,395</u>	

7. Investment Income

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Interest Receivable	308	308	40
Total 2022			
	<u>308</u>	<u>308</u>	<u>40</u>
<i>Total 2021</i>			
	<u>40</u>	<u>40</u>	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Other incoming resources

	Restricted funds 2022	Endowment funds 2022	Total funds 2022	Total funds 2021
	£	£	£	£
Profit on Sale of Assets	(45,958)	1,026,360	980,402	-
Total 2022				
	<u>(45,958)</u>	<u>1,026,360</u>	<u>980,402</u>	<u>-</u>

9. Expenditure on raising funds

Other trading expenses

	Unrestricted funds 2022	Total funds 2022	Total funds 2021
	£	£	£
Retail and Hospitality Expenditure	297,035	297,035	223,686
Retail and Hospitality Staff Costs	271,461	271,461	234,896
Total 2022			
	<u>568,496</u>	<u>568,496</u>	<u>458,582</u>
<i>Total 2021</i>			
	<u>458,582</u>	<u>458,582</u>	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Analysis of expenditure by activities

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £	Total funds 2021 £
Education	3,477,191	-	3,477,191	3,032,164
Care	3,931,242	-	3,931,242	3,360,845
Administration	934,392	841,664	1,776,056	1,478,528
Campus & Estates	1,030,999	609,855	1,640,854	1,935,895
Total 2022				
	<u>9,373,824</u>	<u>1,451,519</u>	<u>10,825,343</u>	<u>9,807,432</u>
<i>Total 2021</i>				
	<u>8,519,158</u>	<u>1,288,274</u>	<u>9,807,432</u>	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Education 2022 £	Care 2022 £	Administration 2022 £	Campus & Estates 2022 £	Total funds 2022 £	Total funds 2021 £
Staff costs	3,105,466	3,379,391	-	-	6,484,857	5,713,404
Depreciation	-	-	104,266	-	104,266	101,546
Premises & Ground Costs	116,618	10,676	177,617	846,386	1,151,297	1,388,480
Equipment Repairs and Maintenance	23,434	51,754	7,799	103,362	186,349	220,729
Licences & Subscriptions	4,177	20,676	31,600	1,638	58,091	91,694
Legal , Professional & Consultation Costs	7,816	8,424	89,087	-	105,327	113,684
Cleaning and Consumables	45,227	121,343	6,696	56,470	229,736	200,156
Marketing and Advertising	1,537	2,701	43,205	1,644	49,087	18,949
Learning Equipment and Student Activities	89,075	1,807	85,656	718	177,256	107,547
Printing Stationery and Computing Consumables	41,386	27,794	164,189	3,332	236,701	222,640
College Transport	13,034	5,093	88,195	249	106,571	72,561
External Contractors	16,907	263,864	3,063	16,477	300,311	164,810
Miscellaneous	12,514	37,719	133,019	723	183,975	102,958
Total 2022	3,477,191	3,931,242	934,392	1,030,999	9,373,824	8,519,158
Total 2021	3,032,164	3,360,845	745,000	1,381,149	8,519,158	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Analysis of expenditure by activities (continued)

Analysis of support costs

	Administration 2022	Campus & Estates 2022	Total funds 2022	Total funds 2021
	£	£	£	£
Staff costs	841,664	609,855	1,451,519	1,288,274
Total 2022				
	<u>841,664</u>	<u>609,855</u>	<u>1,451,519</u>	<u>1,288,274</u>
<i>Total 2021</i>				
	<u>733,528</u>	<u>554,746</u>	<u>1,288,274</u>	

11. Auditors' remuneration

	2022 £	2021 £
Fees payable to the College's auditor for the audit of the College's annual accounts	9,680	8,850
Fees payable to the College's auditor in respect of:		
All non-audit services not included above	<u>1,920</u>	<u>1,750</u>

12. Staff costs

	2022 £	2021 £
Wages and salaries	7,338,827	6,466,476
Social security costs	600,713	506,124
Pension costs	268,297	263,974
Agency costs	279,450	129,004
	<u>8,487,287</u>	<u>7,365,578</u>

Included in the above are redundancy payments of £37,696 (2021: £6,592) made payable to 3 (2021: 2) employees in the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Staff costs (continued)

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

	2022 No.	2021 No.
Charitable staff	255	250
Administration and support	84	76
Management	4	4
	<u>343</u>	<u>330</u>

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

	2022 No.	2021 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 £333,661 (2021: £328,116). The remuneration and terms of conditions of the members of the SLT is agreed by the board following an established procedure.

13. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2021 - £NIL).

During the year ended 31 December 2022, no Trustee expenses have been incurred (2021 - £NIL).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Tangible fixed assets

	Freehold property £	Leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2022	12,700,269	542,214	725,428	253,841	14,221,752
Additions	123,058	-	108,499	15,462	247,019
Disposals	(514,077)	-	-	-	(514,077)
At 31 December 2022	<u>12,309,250</u>	<u>542,214</u>	<u>833,927</u>	<u>269,303</u>	<u>13,954,694</u>
Depreciation					
At 1 January 2022	9,561,116	265,436	404,359	240,753	10,471,664
Charge for the year	-	14,372	76,421	13,473	104,266
On disposals	(259,209)	-	-	-	(259,209)
At 31 December 2022	<u>9,301,907</u>	<u>279,808</u>	<u>480,780</u>	<u>254,226</u>	<u>10,316,721</u>
Net book value					
At 31 December 2022	<u>3,007,343</u>	<u>262,406</u>	<u>353,147</u>	<u>15,077</u>	<u>3,637,973</u>
At 31 December 2021	<u>3,139,153</u>	<u>276,778</u>	<u>321,069</u>	<u>13,088</u>	<u>3,750,088</u>

Included in freehold property is land at a cost of £106,693 (2021: £124,168).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Fixed asset Investments

	Investments in subsidiary companies £
Cost or valuation	
Additions	100
At 31 December 2022	<u>100</u>
Net book value	
At 31 December 2022	<u>100</u>

The Company has acquired shares in a subsidiary company, Derwen College Consulting Limited, during the year. The subsidiary has the same registered office as the Company and remains dormant at the year end.

Principal subsidiaries

The following was a subsidiary undertaking of the College:

Name	Company number	Principal activity	Class of shares	Holding
Derwen College Consulting Limited	14503923	Dormant company	Ordinary	100%

16. Stocks

	2022 £	2021 £
Finished goods and goods for resale	<u>38,899</u>	<u>41,193</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

17. Debtors

	2022 £	2021 £
Due within one year		
Trade debtors	342,529	132,874
Other debtors	7,469	25,979
Prepayments and accrued income	158,331	130,284
	<u>608,329</u>	<u>289,137</u>

18. Creditors: Amounts falling due within one year

	2022 £	2021 £
Payments received on account	148,730	302,382
Trade creditors	143,575	239,900
Other taxation and social security	154,233	140,589
Other creditors	27,144	32,759
Accruals and deferred income	395,384	141,362
	<u>869,066</u>	<u>856,992</u>

	2022 £	2021 £
Deferred income at 1 January 2022	-	19,934
Resources deferred during the year	264,142	-
Amounts released from previous periods	-	(19,934)
	<u>264,142</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

19. Statement of funds

Statement of funds - current year

	Balance at 1 January 2022 £	Income £	Expenditure £	Transfers In/out £	Balance at 31 December 2022 £
Unrestricted funds					
General Funds - all funds	353,715	10,795,638	(10,575,314)	(135,895)	438,144
Fixed asset fund	703,702	-	(85,773)	204,272	822,201
	<u>1,057,417</u>	<u>10,795,638</u>	<u>(10,661,087)</u>	<u>68,377</u>	<u>1,260,345</u>
Endowment funds					
Fixed asset fund	2,265,731	-	-	105,583	2,371,314
Expendable Endowment	-	1,026,360	(484,869)	17,475	558,966
	<u>2,265,731</u>	<u>1,026,360</u>	<u>(484,869)</u>	<u>123,058</u>	<u>2,930,280</u>
Restricted funds					
Fixed asset fund	780,655	(45,958)	(98,804)	(191,435)	444,458
Other restricted funds	-	149,079	(149,079)	-	-
	<u>780,655</u>	<u>103,121</u>	<u>(247,883)</u>	<u>(191,435)</u>	<u>444,458</u>
Total of funds	<u>4,103,803</u>	<u>11,925,119</u>	<u>(11,393,839)</u>	<u>-</u>	<u>4,635,083</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

19. Statement of funds (continued)

Statement of funds - prior 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	<u>626,834</u>	<u>84,419</u>	<u>(29,033)</u>	<u>98,435</u>	<u>780,655</u>
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>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Statement of funds (continued)

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.

During the year the college sold land, the funds received are being held as expendable endowed funds until the Trustees wish to exercise the power to spend them. The expenditure during the year relates to expenditure on the properties, as permitted by the scheme granted by the Charity Commission.

Restricted Funds

The restricted fund brought forward and remaining balance carried forward relates to the net book value of the properties at Ludlow, Telford and Walford College, including 2 properties in Gobowen that were partly funded by the Big Lottery (refer to note 23).

Other restricted funds- During the year funds were received for the bungalow refurbishment project. These funds were fully spent in the year.

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £
Tangible fixed assets	822,201	444,458	2,371,314	3,637,973
Fixed asset investments	100	-	-	100
Current assets	1,307,110	-	558,966	1,866,076
Creditors due within one year	(869,066)	-	-	(869,066)
Total	<u>1,260,345</u>	<u>444,458</u>	<u>2,930,280</u>	<u>4,635,083</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Endowment funds 2021 £</i>	<i>Total funds 2021 £</i>
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	<u>1,057,417</u>	<u>780,655</u>	<u>2,265,731</u>	<u>4,103,803</u>

21. 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 £268,296 (2021: £263,974).

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 2022.

The amounts in the financial statements for the year ended 31 December 2022 relating to pensions are based on a full actuarial valuation dated 31 December 2020 and updated to 31 December 2022 by a qualified actuary, independent of the scheme's sponsoring employer.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. Pension commitments (continued)

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

	At 31 December 2022 %	At 31 December 2021 %
Discount rate	5	1.80
Inflation (RPI)	3.3	3.50
Inflation (CPI)	2.7	2.90

	At 31 December 2022 Years	At 31 December 2021 Years
Mortality rates (in years)		
- for a male aged 65 now	21.8	21.7
- at 65 for a male aged 45 now	23.1	23.0
- for a female aged 65 now	23.6	23.5
- at 65 for a female aged 45 now	25.1	25.0

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

	At 31 December 2022 £	At 31 December 2021 £
Corporate bonds	946,000	2,752,000
International Bonds	10,091,000	14,746,000
Cash and Others	82,000	56,000
Total fair value of assets	11,119,000	17,554,000

The actual return on scheme assets was £-6,019,000 (2021 - £738,000).

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. Pension commitments (continued)

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

	2022 £
Opening defined benefit obligation	13,794,000
Admin Expenses	-
Actuarial Gains	(5,195,000)
Interest cost	245,000
Benefits paid	(416,000)
Closing defined benefit obligation	<u>8,428,000</u>

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

	2022 £
Opening fair value of scheme assets	17,554,000
Interest income	312,000
Benefits paid	(416,000)
Actuarial Losses	(6,331,000)
Closing fair value of scheme assets	<u>11,119,000</u>

The College has an unrecognised gain of £2,691,000 (2021 - £3,760,000) 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.

22. Operating lease commitments

At 31 December 2022 the College had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	7,876	11,910
Later than 1 year and not later than 5 years	-	10,347
	<u>7,876</u>	<u>22,257</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

23. 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.

24. Related party transactions

Barbara Court's husband is the proprietor of Courthouse Consulting from which purchases were made at arm's length during the year of £1,758 (2021: £Nil). The amount owing to the entity at the year end was £1,758 (2021: £Nil).

During the year purchases of £1,054 (2021: £215) were made at arm's length from James Ward, a director. The amounts owing at the year end was £Nil (2021: £Nil).