



ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2025



AMBITION | CARE | RESPECT | SUCCESS

KEY MANAGEMENT PERSONNEL, GOVERNING BODY AND PROFESSIONAL ADVISERS

KEY MANAGEMENT PERSONNEL

Key management personnel for York College are the members of the Strategic Leadership Team and were the following throughout 2024-25 (job titles as at the date of signing):

Ken Merry	Principal, Chief Executive and Accounting Officer
Joy Kettle	Deputy Principal and Deputy Chief Executive
Jason Pepper	Chief Finance Officer (from January 2025 to June 2025)
David Hawkins	Acting Chief Finance Officer (from June 2025)
Don Everitt	Acting Chief Finance Officer (to December 2024)
Katharine Dent-Jones	Director of Curriculum
Cheryl Eade	Director of Curriculum (to December 2024)
Jackson Armstrong	Director of Curriculum (from January 2025)
Victoria Lindberg	Director of Quality of Education
Mark Hughes	Interim Director of Student and Apprentice Services (from September 2024 to February 2025)
Liam Garside	Director of Student and Apprentice Services (from February 2025)
Louise Jones	Director of Data and Information Services
Sarah Leatherbarrow	Director of Strategic Partnerships and External Relations
Chris Leng	Director of Human Resources

Governing Body

A full list of Governors is provided on pages 15 to 16 of these financial statements.

Carolyn Barker acted as Director of Governance.

Professional Advisers

Financial Statements Auditors & Reporting Accountants:

RSM UK Audit LLP
Two Humber Quays
Wellington Street West
Hull
HU1 2BN

Internal Auditors:

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Artillery House
Fort Fareham
Newgate Lane
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PO14 1AH

Bankers:

Barclays Bank Plc
2nd Floor
1 Park Row
Leeds
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Solicitors:

Wilkin Chapman
Rollits LLP
Cartargate
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26 Chantry Lane
Grimsby
DN21 2LJ

REPORT AND FINANCIAL STATEMENTS

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OPERATING AND FINANCIAL REVIEW

Nature, Objectives and Strategies

The members of the Governing Body present their report and the audited financial statements for the year ended 31 July 2025.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting York College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Mission

The following College mission statement was re-confirmed in the 2024-25 academic year as part of the 2020-2025 Strategic Plan.

'York College – Where everyone matters and a successful future begins'

York College's mission is to provide a life enhancing educational experience, through inspirational teaching, by working in partnership and helping individuals to be the best they can.

Public Benefit Statement

York College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 15 to 16.

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

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

- Widening participation in education and training and thereby helping to tackle social exclusion;
- Providing high quality teaching and learning and comprehensive systems of student support;
- Enhancing students' prospects for employment, further education or training;
- Supporting economic growth through its work with Local Enterprise Partnerships, employers and industry generally; and
- Supporting community development through its work with local communities and local authorities.

Implementation of strategic plan

In July 2020, the Corporation approved a strategic plan for the period 1 August 2020 to 31 July 2025. The Corporation monitors the performance of the College against the plan. In December 2024 the corporation approved a new strategic plan for the period 1 August 2025 to 31 July 2030.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Implementation of Strategic Plan (continued)

The College's approved strategic objectives for the period to 31 July 2025 were as follows:

- To deliver high quality education and training expecting excellence in all that we do.
- To facilitate the best possible student experience, developing students inside and outside the classroom.
- To develop, retain and invest in a talented staff team.
- To invest in resources maximising students' success and enabling innovation.
- To ensure long-term financial sustainability.
- To nurture partnerships which benefit students, staff, the City and region.

Reserves policy

The College's policy for the maintenance and development of its financial reserves reflects the ongoing fundamental changes taking place in the financial environment in which it operates.

The policy was last approved in July 2025. The strategic financial objectives that underpin the Reserves Policy are reviewed annually.

In approving this policy, the College's Governing Body recognised that if it is to achieve its mission and strategic objectives, it is essential for the College to be financially stable over the long term and that both of the following objectives need to be achieved:

- A consistent financial operating performance over time;
- A minimum level of free reserves held should be no less than £3.0m or an amount required to achieve at least 25 cash days at each month-end.

The Governing Body considered that, if achieved, this would provide sufficient financial reserves to both protect the College from the long term effects of unforeseen financial events and to provide the financial resources to fund future developments, when required.

In seeking to achieve these objectives, the College aims to achieve the following:

- To remain financially healthy and responsive to changes in funding and other sources of income.
- To protect itself from unforeseen adverse changes in all income streams including those arising from student enrolments.
- To generate sufficient income and cash to enable the College to meet the requirements of the College's long term plans, including:

The provision of high quality teaching and learning and student experience consistent with those of an outstanding college.

The recruitment, retention and development of appropriately skilled and motivated staff.

The maintenance and development of an appropriate range of accommodation, equipment and other resources.

The continuous improvement of the College's activities and processes, including those relating to Health and Safety.

To maintain the confidence of funding bodies, suppliers, banks, auditors and other key stakeholders.

To achieve this the Governing Body sets operational and strategic financial objectives, which incorporate specific and measurable financial performance measures. These measures focus on the need to generate both operating surpluses and positive cash flows to maintain the College's reserves and long term solvency.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Financial objectives

The Governing Body sets operational and strategic financial objectives, which incorporate specific and measurable financial performance measures. These measures focus on the need to generate both operating surpluses and positive cash flows to maintain the College's financial reserves and long term solvency.

The College's strategic financial objectives were:

- To operate cash positively each year
- To operate so that cash balances do not fall below two months of expenditure
- To improve profitability therefore creating greater capacity for investment
- To ensure the College's financial health rating is never less than good

Performance objectives

Performance objectives were approved by the Corporation to monitor the implementation of the College's financial strategy.

Performance Objective	Actual Achieved
Net cash flow from operating activities as a % of income Net cash flow	9.7% £3,525,000
Cash days at 31 July 2025 (excluding restricted cash)*	53
Adjusted Current Ratio at 31 July 2025 (excluding restricted cash)	1.85
Operating surplus before FRS 102 pension costs. (Operating surplus excluding LGPS FRS 102 charge of £180,000, LGPS net interest receivable of £29,000 (per note 17), enhanced pension interest cost of £30,000 and actuarial gain of £31,000 on enhanced pension.)	£82,000
Borrowings as a percentage of income**	0%
Borrowings as a percentage of reserves**	0%
Annual debt and interest repayments as a percentage of income**	0%

* 53 cash days achieved against objective target of 61 cash days.

** The College has no external debt (bank debt or DfE debt).

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices website, which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Department for Education. The Finance Record produces a financial health grading. The current rating of good is considered to be a respectable outcome for the College.

Office for National Statistics (ONS)

In November 2022 the ONS announced that it has reclassified FE colleges, sixth form colleges and designated institutions in England to the central government sector. The Financial Year 2024-25 is the first year of the College Financial Handbook following reclassification.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Financial position

In 2024-25, the College's financial performance resulted in a deficit of £68,000 (2024: a deficit of £14,000). Before LGPS FRS102 pension charges, pension interest receivable and actuarial gain on enhanced pension, the College reported a surplus of £82,000 (2024: a deficit of £310,000).

The College has accumulated reserves of £36,322,000 and cash balances of £6,495,000.

Tangible fixed asset additions during the year amount to £1,551,000.

The defined benefit pension scheme has improved to a surplus of £19,619,000 but has been limited by the application of an asset ceiling and therefore the amount shown in the balance sheet is nil (2024: surplus £11,787,000 but also shown in the balance sheet as nil).

At 31 July 2025, the College had no subsidiary companies but is lead partner in the Yorkshire and Humber Institute of Technology Limited.

Treasury management policies and objectives

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

The College has a separate treasury management policy in place. Any borrowings or repayment of borrowings require the authorisation of the Governing Body and shall comply with the requirements of the College's conditions of funding and DfE requirements under ONS reclassification.

Current and future development and performance

Cash flows and liquidity

In 2024-2025 the College's operating cash flow was £3,525,000 (2024: £3,504,000).

The College has good cash balances. At 31 July 2025, the College had no loans or finance leases outstanding and therefore will have no debt or finance lease servicing costs in future financial years. Following ONS reclassification any future debt requirements excluding finance leases will necessitate DfE consent.

Student numbers

In 2024-25 the College has delivered learning activity that generated £28,418,000 in funding from its main funding body, the DfE, (2024: £27,833,000). The College had approximately 4,965 students funded by the Department for Education and approximately 2,245 students with other sources of funding.

Student achievements

In 2024-25, 96 % of students who completed their qualification secured an achievement (2023-24: 92%).

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Current and future development and performance (continued)

Curriculum developments

The key initiatives in the year included:

- The Annual curriculum review ensures offer is aligned to the local and regional skills needs with appropriate entry and progression routes, and alignment with funding streams and government priorities e.g. new T levels.
- Improved collaboration with local businesses and associations to ensure innovative and accessible curriculum design that incorporates the skills and behaviours needed for industry.
- Continued development of Higher Technical qualifications that align to level 3 programmes of study, including T levels.
- Further development of the Skills Centre to provide an improved curriculum that enables stronger progression into vocational programmes. Growth in Supported Internships to provide an alternative pathway for students with an EHCP.
- AS Level courses removed from the course offer to provide a 2-year linear programme of study for students to develop their skills and knowledge over their entire learning journey.
- Developed extra-curricular offer for A Level students, in response to employer and HEI feedback, to offer wider skills development and broader knowledge.
- Further development to the TLA Strategy increased participation in Communities of Practice and over 200 teachers working on the 'Just One Thing' initiative. Increased investment in the coaching team to enable more staff to benefit from support.
- Increased use of the Immersive Room which has benefited over 700 students. Significant content for use in the room has now been created.
- Increased rigor in the tracking and monitoring of data and increased ownership of data by CSMs.
- Continue to develop College support services for students and apprentices, including working towards successfully achieving the Quality in Careers Standards of our whole College Information Advice and Guidance service.
- Developed the Brilliant Futures Pledge for implementation within curriculum from September 2025, providing opportunities to engage with employers to build employability skills.
- The College's safeguarding frameworks and operational practices were formally recognised at the highest level, earning the prestigious Gold Standard Award from the nationally acclaimed 'Leaders in Safeguarding' organisation.
- Added Transition year routes to T levels and continued to plan and develop new T level programmes for 2025 delivery.
- Introduced T level Reviewer posts that ensure curriculum oversight in relation to placement engagement, progress and compliance.
- Continued to build upon the established Barratt Homes Academy by introducing more groups to service all their Brickwork and Carpentry/Joinery apprentices from the Northwest and the North.
- Built upon an already established working relationship with Siemens to deliver Higher Technical routes for employees.
- Appointment of an Adult Education Manager re-focusing on provision of Adult provision and community education.
- Collaborative working with local Universities to ensure aligned progression routes and widening participation.
- Secured the Savoy grant to redesign and rebrand the College's training restaurant alongside re-confirming the AA award.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Current and future development and performance (continued)

Curriculum developments (continued)

- Increased student engagement on regional and national events and competitions to ensure students gain first-hand experience of industry skills and behaviours. Hosted Skillsbuild and World Skills with success at both regional and national levels.

These developments were underpinned by the ongoing cross college strategy to promote excellence in all aspects of teaching, learning and assessment, including the wider experience of students.

Department for Education

In September 2024 it was announced that the ESFA would transfer current functions into the Department for Education, the ESFA as an executive agency closed on Monday 31 March 2025.

Skills England

On 16 September 2025 a written ministerial statement announced that apprenticeships, adult further education, skills, training and careers, and the newly created agency Skills England will all now be controlled by DWP rather than DfE.

Resources

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

Financial

The College has £36,322,000 of net assets.

People

The College employed 675 people, 321 of whom were teaching staff.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Principal risks and uncertainties

The College frequently reviews risk as part of its arrangements to ensure that its system of internal control, including financial, operational and risk management is robust. This work included continued development of those processes, which are designed to ensure the effective and efficient use of resources, to protect the solvency of the College and to safeguard its reputation and assets.

Based on the strategic plan, the Strategic Leadership Team undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventative actions to mitigate any potential impact on the College. These risks are actively managed with the purpose of reducing the potential adverse outcomes of any risk materializing.

The internal controls are implemented, and their effectiveness is monitored. In addition to the regular reviews undertaken by the Strategic Leadership Team, the Board, through its committees also regularly reviews and monitors risk.

At the strategic level, and at least annually, a full review of risk is undertaken by the Strategic Leadership Team and the Board. The Audit Committee now also 'deep dives' risks, with risk owner, to secure assurance that risks are under active management. This approach is complemented by assurance sourced through a Board approved, programme of internal audit.

The risk register identifies the key risks, the likelihood of those risks occurring and their potential impact on the College. Risks are prioritised using a consistent scoring system.

The main risk factors taken from the risk register are outlined below along with the action taken to minimise them. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

Cyber Security

Risk of failure to maintain business as usual because of a cyber security attack and potential impact on student experience could lead to reputational damage.

These are mitigated by:

- Business Continuity Plan
- Firewall, web filtering, email filtering, security audits, intrusion detection systems in place, along with Anti-virus software
- Cyber security training
- Purchased enhancements from Microsoft
- Regular testing incident responses
- Cyber-attack insurance
- Continued stress-testing of the infrastructure
- Significant (and ongoing) investment being made to the network, including new PCs, laptops, switches, and wireless internet

Safe Community

Risk of:

- Students & Apprentices feel unsafe
- Students & Apprentices are at risk of harm
- Staff fail to spot signs of support needs
- Health and Safety culture fails to promote safe working

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Principal risks and uncertainties (continued)

These are mitigated by :

- Established, knowledgeable Safeguarding team is in place
- Mandatory training is in place – with most people completing it timely
- Health & Safety is a high priority within the college environment
- Visible ID policy is in place; all staff, students, and apprentices are expected to wear ID when on site
- Continue to review the implications of *Martin's Law* to ensure the college remains safe
- Increased safeguarding visibility – including Leaders in Safeguarding Assessment

Core Purpose

Risk of:

- Poorly planned curriculum offer
- Poor or declining quality of education
- Proportion of students and apprentices going onto brilliant destinations too low
- Falling below regulator expected standards

These are mitigated by:

- Ensuring a well-planned and responsive curriculum that is carefully reviewed and designed
- Developing innovation amongst tutors and sharing best practice
- Supporting tutors in a timely manner with tailored CPD and guidance, and an expanding T&L team
- Creating robust performance reviews – where student progress and predictions are scrutinised
- Embedding a new Teaching & Learning strategy
- Revised T&L Strategy shared with staff and includes additional peer learning walks
- Review of the curriculum planning, timetabling, enrolment, and staffing process is underway to enhance these core functions
- T&L team involvement in learning walks provide early indications of support needs

Financial Sustainability

Risks of:

- Failure to maintain at least *Good* financial health
- Future pension costs may increase as a result of external factors
- Failure to maintain financial sustainability will impact ability to invest in resources/staff

These are mitigated by:

- College income (c. £40m) provide beneficial, economies of scale
- Regular forecasting and production of detailed management accounts
- Robust budget planning by SLT
- Frequent monitoring of performance against KPIs
- Financial statements confirm 'going concern' status of the College
- Positive Cashflow forecast for 25/26, cash balances positive at 24/25 year end
- Budget adjustments in response to recruitment
- Generous capital grant allocation and further investment in 16-to-18

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Principal risks and uncertainties (continued)

Subcontracting

Risks are:

- Failure to meet DfE regulations regarding subcontracting
- DfE could restrict our ability to subcontract in future years
- Financial and reputational impact if standards are not met
- ESFA plan to restrict subcontractor funding in future years to only support high quality programmes

These are mitigated by:

- Quality assurance activities undertaken frequently
- High quality partners carefully selected
- Subcontracting managed through a carefully drafted contract
- Staff are devising a well-put-together subcontracting standard
- Actioned advice from Audit consultant and external audit completed
- Subcontractor working group
- Further Quality & Performance Reviews have taken place with both subcontractors

Stakeholder relationships

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

- Staff and Students
- Local employers
- The local communities of York and North Yorkshire
- Education sector funding bodies
- Local Authorities
- FE Commissioner
- Other further education colleges; and
- Trade unions and professional bodies

The College recognises the importance of these relationships and engages regularly with its stakeholders through meetings and communication through both electronic and non-electronic media.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Equality and diversity statement and the employment of disabled persons

York College is committed to equality of opportunity. The aim is to create an environment in which people treat each other with mutual respect, regardless of: age; disability; family responsibility; marital status; race; colour; ethnicity; nationality; religion or belief; gender identity; sexual orientation; trade union activity; unrelated criminal convictions.

We are a Mindful Employer which involves creating a supportive and non-discriminatory environment for employees with mental health conditions, providing training, and offering resources to help manage stress, anxiety, and other mental health challenges in the workplace.

We want an ethos whereby all individuals are valued and we treat each other with mutual understanding and respect, regardless of any protected characteristics people may possess. We are also committed to ensuring those with family and carer responsibilities have suitable provision to enable them to succeed.

Our Equity, Diversity and Inclusion Policy was refreshed and approved by the Governors in July 2025. It is published on the College's intranet and website, alongside other important documents such as our Modern Slavery and Antisemitism Statements. We undertake Equality Impact Assessments on all our policies and procedures, plans, practices and proposals to ensure there is no detriment to those with a protected characteristic.

We are committed to ensuring disabled people are not disadvantaged during the recruitment and selection process or during the course of their employment. We provide practical support to current or prospective members of staff who have a disability or long term health condition. This often involves liaison with specialist organisations to ensure that we deliver the most appropriate support.

The College has been recognised as a Level 2 Disability Confident Employer. Previously known as the Two Ticks scheme, Disability Confident is a government run scheme, which works with employers to "remove barriers, increase understanding and ensure that disabled people have the opportunities to fulfil their potential and realise their aspirations".

Support to students and apprentices

York College is committed to ensuring that disabled students and apprentices, including those with learning difficulties, can access, participate and succeed in their learning. We will make all reasonable adjustments to ensure that disabled people are not substantially disadvantaged.

We offer support for students with learning difficulties and/or disabilities (SEN) including specialist staffing, equipment and resources and can make reasonable adjustments in discussion with the student, whether or not they have an Education Health Care Plan (EHCP).

The College's Student Charter applies equally to all students. This means that students who have learning difficulties and/or disabilities (LDD) are entitled to receive the same consideration as other students.

This is achieved through the following:

- a) The College campus is accessible and has been designed to facilitate access for disabled people;
- b) The College employs a team of highly qualified, skilled and motivated Learning Support team, which provides a wide range of additional learning support, advice and guidance to students with learning difficulties and/or disabilities;

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Equality and diversity statement and the employment of disabled persons (continued)

- c) The Learning Support team also has a range of specialist equipment and software which can be loaned to students with learning difficulties and/or disabilities. There is a range of assistive technology available across the College;
- d) There is a continuing programme of staff development to facilitate and support the inclusion of people with LDD, as well as to update staff regarding wider disability issues and legislation;
- e) Specific programmes of study are available for students with learning difficulties. In addition, specific support may be provided to enable these students to use particular facilities or services.

The health and well-being of our students and apprentices is our number one priority. To this end we offer termly health and well-being events. Those students experiencing difficulty, feel under pressure or finding it hard to cope, have access to a free and confidential counselling service. We also have a team of Mental Health First Aiders who are available throughout the working day.

Carbon Emissions

The College is committed to reducing its CO2 emissions, during 2024-25 the following projects were initiated which will help drive this reduction:

- Installation of EV charging points.
- Solar PV development across the estate.
- Continued replacement of traditional lighting with more energy efficient LED lights.
- Installation of air source heat pumps.
- Travel plan prepared for launch in consultation with the local authority to help improve sustainable travel to and from the College.
- Development of Forest School biodiversity management plan, plus smaller locations around the College grounds.
- Investigation smart thermostatic radiator valves for localized heating in classrooms.

Both Gas and Electricity have shown a 20% reduction in Kwh usage from 2021-22 base year despite a growing estate footprint.

In December 2024 the corporation approved a new strategic plan for the period 1 August 2025 to 31 July 2030, which included the following intent statements:

- Carbon emissions produced by the College as a direct result of activities are reduced by 50% by 2030 (from 2022 baseline figures).
- The College supports the City of York carbon mission by ensuring an increasing of green skill qualifications are offered through the College's partnership work with employers for up-skilling existing employees.
- Carbon literacy is embedded across the curriculum offer to ensure that staff, students and apprentices are aware of the impact they have on their environment and what they can do to mitigate this.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Trade union facility time

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

Numbers of employees who were trade union officials during the relevant period	6
FTE employee number	5.62

Percentage of working hours spend on facility time	Number of employees
0%	-
1-50%	6
51-99%	-
100%	-

Total cost of facility time	£23,885
Total pay bill	£25,109,000
Percentage of total bill spent on facility time	0.10%

Time spent on paid trade union activities as a percentage of total paid facility time	10.1%
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Pay Gap Reporting

Information relating pay gap reporting can be found on the College website, www.yorkcollege.ac.uk

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Going concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the period through to 31 July 2027. This is evidenced through the submission of financial plans including cash flow projections and sensitivity analysis of operating performance. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The College has a healthy cash balance and no debt which supports a financially strong position and a 'good' financial health rating. The budget indicates a manageable deficit operating position. It is forecast that cash will be sufficient during 2025-26 with a closing balance of £4.7m excluding restricted cash of £1.8m at July 2025. Early reforecasting and monitoring of performance is standard to the college's approach to financial management. It is forecast that this cash position will strengthen in 2025-26 with £5.4m forecast at July 2026.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 4 December 2025 and signed on its behalf:



I Looker

Chair

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

This statement is provided to enable readers of the Members' Report and Financial Statements to obtain a better understanding of the governance and legal structure of the College.

The College conducts its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty, and leadership).
- ii. in full accordance with the guidance to colleges from the Association of Colleges in Code of Good Governance for English Colleges; and
- iii. whilst not having adopted the UK Corporate Governance Code 2018, the corporation has due regard to its principles and guidance.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code of Good Governance for English Colleges. The College has not adopted and therefore does not apply the UK Corporate Governance Code. However, the College has reported on its Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the sector.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to always observe the highest standards of corporate governance. In the opinion of the Corporation, the College complies with all the provisions set out in the Association of Colleges Code of Good Governance for English Colleges, and it has complied throughout the year ended 31 July 2025. The College has transitioned to the new Code and has undertaken a self-assessment exercise during July 2025 to assess its compliance to the Code's Principles.

With effect from 1 August 2026, the UK Corporate Governance Code will no longer be one of DfE's prescribed governance codes for colleges.

The Governing Body adopted the revised version of the Association of Colleges Code of Good Governance for English Colleges at its meeting on 4 December 2025, following a review and recommendation submitted by the People and Governance Committee following their meeting on 3 November 2025.

Compliance with the Code is supported by an annual governance self-assessment and the ongoing monitoring of the Governance Quality Improvement Plan (QIP) via the People and Governance Committee. The QIP reflects progress made against recommendations from the College's first three-year independent external board review, completed in January 2023. The report remains publicly available on the College's website and provides an overview of governance from the independent reviewer, Governance4FE.

During 2024–25, the Governing Body undertook a comprehensive reflection on governance effectiveness, as documented in the Governance QIP Reflection Report presented to the People and Governance Committee in July 2025. Key developments included:

- Strengthening governors' external engagement through stakeholder events, curriculum tours, and strategic planning sessions.
- Enhancing the student voice via structured reporting, Student Union engagement, and governor participation in student-led activities.
- Improving governor–executive interactions through open invitations to Business Performance Meetings and broader committee attendance.
- Increasing Further Education knowledge on the Board through targeted recruitment, seminars, and training.
- Advancing the Board's role in Equality, Diversity & Inclusion (EDI), including strategy development, recruitment aligned to local representation, and integration of EDI into governance operations.
- Prioritising strategic debate through revised Board agendas and deep-dive committee activities on topics such as AI, transport, and workplace culture.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The College has commissioned its second external board review, scheduled to take place between January and July 2026.

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

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as follows:

Name	Date of most recent appointment	Term of office	Date of resignation	Committees served
Independent Governors				
L Bush	March 2024	2 nd term of 4 years	10.07.2025	<ul style="list-style-type: none"> • Remuneration • People & Governance
H Crews (Vice Chair from 1 January 2021)	July 2022	2 nd term of 4 years	-	<ul style="list-style-type: none"> • Remuneration • People & Governance • Quality & Curriculum
H Fraser-Krauss	September 2021	4 years	-	<ul style="list-style-type: none"> • Finance & General Purposes
R Hickey	March 2024	2 nd term of 4 years	-	<ul style="list-style-type: none"> • Finance & General Purposes
J Histon	August 2022	4 years	-	<ul style="list-style-type: none"> • Audit • People & Governance • Remuneration
D Inglis	March 2024 (extension to Dec 2024)	Full term	-	<ul style="list-style-type: none"> • Finance & General Purposes • People & Governance • Remuneration
V Inness	August 2022	4 years	-	<ul style="list-style-type: none"> • Audit
A Lees	September 2021	4 years	-	<ul style="list-style-type: none"> • Quality & Curriculum • People & Governance • Remuneration
I Looker (Chair from 1 January 2021)	March 2024	4 years	-	<ul style="list-style-type: none"> • Quality & Curriculum • People & Governance • Remuneration
M Rice	August 2022	4 years	-	<ul style="list-style-type: none"> • Finance & General Purposes
A Thomas	December 2022	2 nd term of 4 years	-	<ul style="list-style-type: none"> • Audit
C Waters	March 2023	2 nd term of 4 years	-	<ul style="list-style-type: none"> • Quality & Curriculum
S Willis	July 2024	4 years	-	<ul style="list-style-type: none"> • Quality & Curriculum
N Ashton	December 2024	4 years	-	<ul style="list-style-type: none"> • Finance & General Purposes • People & Governance • Remuneration
J Farrar	February 2025	4 years	-	<ul style="list-style-type: none"> • Audit
Principal & Chief Executive				
K Merry	Ex-Officio	from March 2024		<ul style="list-style-type: none"> • Finance & General Purposes • People & Governance • Quality & Curriculum

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The Corporation (continued)

Staff Governors				
C Barnes	September 2023	4 years	-	• Quality & Curriculum
H Sambhi	September 2023	4 years	-	• Finance & General Purposes
Student Governors				
S Marshall/M Chantry	August 2023	1 year	-	• Quality & Curriculum
Co-opted Governors				
J Ennis	July 2022	2 nd term of 4 years	-	• Audit
A Entwistle	January 2020	2 nd term of 4 years	03.07.2025	• Audit

The Director of Governance maintains a register of financial and personal interests of governors. The register is available for inspection at the College address.

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

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

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

At the 31 July 2025, the Director of Governance was Carolyn Barker.

Corporation performance and development

In line with the requirements introduced through the Skills for Jobs white paper, all colleges must undertake a board effectiveness review at least once every three years to strengthen governance practices. The College carried out its first external governance review during the autumn term of 2022, with the final report published by Governance4FE in January 2023. This report is publicly accessible via the College website.

Throughout the year, the Corporation's People and Governance Committee has actively monitored progress against the governance quality improvement plan arising from the independent review. The Corporation remains committed to enhancing its governance arrangements, building on the levels of maturity—emerging, developing, and mature—identified in the review.

In addition to the three-yearly external review cycle, the College continues to assess the effectiveness of its governance annually. The next external governance review is scheduled for 2026.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Training and development

York College remains committed to supporting the continuous professional development of its Governors and Governance Professional. All newly appointed governors undertake a thorough induction programme, with tailored support and training provided throughout their tenure. Development opportunities are embedded into the annual governance cycle and delivered through a variety of formats, including Corporation and committee presentations, governor seminars, site-based activities, and external events.

During 2024–25, governors engaged in a wide range of development activities designed to strengthen their understanding of governance responsibilities and strategic priorities. These included:

- Association of Colleges (AoC) Finance & Audit Committee Network Meeting
- AoC Curriculum & Quality Committee Network Meeting
- AoC Staff Governors' Network Meeting
- AoC Chairs' and Vice-Chairs' Q&A
- Governor Seminar – Strategy (on site)
- Governance Development Programme – P8a: Culture, People and Organisational Development
- Creative Employer Advisory Group
- Prevent Training – delivered by College Safeguarding Manager and North Yorkshire Police representative
- College Business Performance Meetings – including Construction and A-levels
- Student Union (SU) meetings providing a platform for the SU to showcase achievements and engage directly with governors
- Office for Students Seminar – Regulation and Governance
- Webinar – Are Students Truly at the Heart of College Governance?
- Student Champions Lunch – contributing to a series of Student Voice activities
- County Lines Awareness Session
- Prevent in Education – Training for Governors and Trustees in Schools

Governors' development is further supported through the regular circulation of sector updates and briefings from the Principal/Chief Executive, Director of Governance, Association of Colleges, Department for Education, and other relevant bodies. Opportunities to attend webinars, conferences, and training sessions—both internal and external—are routinely offered to ensure governors remain informed and equipped to fulfil their roles effectively.

Governors' development is also aided by the regular circulation of briefings and updates from the Principal/Chief Executive, Director of Governance, Association of Colleges, Department for Education and other relevant bodies.

Governors have been offered opportunities to attend webinars, events and training facilitated by the Association of Colleges, Education and Training Foundation and Good Governance Improvement as well as attending internal or external training on various topics linked to governor responsibilities.

York College continues to invest in the professional development of its Governance Professional, recognising the importance of being informed about emerging trends, regulatory changes, and sector-wide best practice. Over the course of 2024–25, the Governance Professional has participated in a diverse range of development activities aimed at deepening expertise and enhancing the strategic contribution of governance to the College.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Training and development (continued)

Topics explored during the year included:

- The application of artificial intelligence in education and governance
- Equality, diversity and inclusion within governance practice
- Using governance review outcomes to strengthen board impact
- Characteristics and importance of high-performing boards
- Strategies for preventing sexual harassment in education settings
- Comparative expectations of governance roles across different organisational types
- Strategic approaches to records management
- Principles of managing public money in the public sector
- Student voice and its role in shaping governance
- Sector-wide insights into the evolving expectations of governance professionals

These development activities have supported the Governance Professional in maintaining a high level of sector awareness and have informed ongoing improvements to governance processes and board support. Regular engagement with national networks and thought leadership has ensured that governance at York College remains responsive, inclusive, and aligned with best practice.

The Governance Framework

It is the Corporation's responsibility to bring independent judgement to bear on issues of the College's strategy, performance, resources, and standards of conduct. The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against proposed capital expenditure, quality matters, personnel, health and safety, environmental issues and whistleblowing events.

Corporation and committee meetings

The Corporation conducts its business through several committees. Each committee has terms of reference, which have been approved by the Corporation. These committees include the Audit, Finance and General Purposes, Quality and Curriculum, Remuneration and People and Governance.

The number of committee meetings that took place during 2024-25 was as follows:

Audit	4	Quality & Curriculum	4
Remuneration	2	People & Governance	3
Finance & General Purposes	4		

The number of Corporation meetings that took place during 2024-25 was four.

Formal agendas, papers and reports were supplied to governors prior to Corporation and Committee meetings in a timely manner. Governor briefings are provided on an ad-hoc basis and seminars planned on a termly basis to provide development opportunities for governors and to review strategic priorities.

During 2024-25 governors participated in three seminars and briefings focusing on strategic planning, strategic risk reporting and developments within the further education sector, including an update delivered by the Chief Executive of the Association of Colleges.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Corporation and committee meetings (continued)

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters, personnel-related matters such as health and safety and environmental issues.

Full minutes of all meetings are produced. Copies of all minutes, except those deemed to be confidential by the Corporation, are available on the College website (www.yorkcollege.ac.uk) or from the Director of Governance at the College address, which is York College, Sim Balk Lane, York YO23 2BB.

Governor attendance at meetings during 2024-25 was as follows:

Name	Meeting Attendance			Name	Meeting Attendance		
	Corporation	Committee	Combined		Corporation	Committee	Combined
L Bush	50%	75%	63%	I Looker	100%	100%	100%
H Crews	100%	88%	92%	C Waters	75%	50%	75%
H Fraser-Krauss	75%	100%	88%	M Rice	50%	25%	38%
R Hickey	100%	75%	88%	A Thomas	100%	100%	100%
J Histon	100%	88%	92%	A Lees	75%	100%	92%
D Inglis	100%	100%	100%	K Merry	100%	100%	100%
V Inness	100%	75%	88%	H Sambhi	50%	50%	50%
C Barnes	50%	100%	75%	J Farrar	100%	100%	100%
S Marshall/M Chantry	25%	67%	43%	David Boot	50%	50%	50%

Co-opted governor attendance at meetings during 2024-25 was as follows:

Name	Meeting Attendance	
	Corporation	Committee
J Ennis	n/a	100%
A Entwistle	n/a	75%

During 2024-25 overall governor attendance at Corporation meetings was 76% and Committees at 85% (2023-24: 74% and 83% respectively).

Governor attendance at all meetings of the Corporation and its Committees in 2024-25 was 82% (2023-24: 86%).

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Appointments to the Corporation

Any new appointments to the Corporation are a matter for consideration of the Corporation as a whole. The Corporation has a People and Governance Committee, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office of four years and will be eligible for re-appointment for one additional four-year term. Only in exceptional circumstances are Governors invited to serve for more than two four-year terms, and these are explained when they occur. During the year, the Governor Appointment Policy was updated to introduce a formal two-year review process for the Chair and Vice Chair roles, enhancing accountability and performance evaluation in line with changes to the Governing Body Standing Orders.

Committees of the Corporation:

Remuneration Committee

Throughout the year ending 31 July 2025, the College's Remuneration Committee comprised six members. The Committee's responsibilities include making recommendations to the Corporation on the remuneration and benefits of the Principal / Accounting Officer, other senior post-holders, and the Director of Governance. The Committee comprises entirely of independent External Board Members. It meets at least twice per academic year and takes accounts of peer information and the College's financial circumstances, to ensure the long-term success of the organisation.

In the financial year 2024-25 the College continued to adopt the AoC's Senior staff remuneration code.

Details of remuneration for the year ended 31 July 2025 are set out in Note 8 to the financial statements.

Audit Committee

The Audit Committee comprised six members of the Corporation (who exclude the Chair and the Principal/Accounting Officer) and include two independent co-opted members. The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's audit arrangements, its framework of governance, system of internal control and risk management control, and its processes for the effective and efficient use of resources and safeguarding the College's assets and solvency.

As part of the College's annual governance cycle, the Audit Committee undertakes a formal review of its effectiveness. In 2024-25, this was conducted through a member questionnaire and discussion at the September meeting. The review confirmed that the Committee continues to operate effectively and adds significant value to the College's governance framework. Members rated oversight of risk management, internal controls, and audit processes as "very" or "extremely" effective and confirmed that meetings are well-structured and purposeful.

The review identified areas for enhancement, including:

- Succession Planning to maintain skills and experience within the Committee.
- Staff Voice in Audit Challenges, ensuring balanced consideration of feedback when audit findings are questioned.
- Committee Composition, with a recommendation to keep membership under review to manage workload.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Audit Committee (continued)

The Committee approved updates to its Terms of Reference to strengthen clarity on its role, powers, and responsibilities, including enhanced provisions for fraud, irregularity, and whistleblowing reporting, and the ability to seek external advice. These changes, along with the updated schedule of business, were recommended to and approved by the Governing Body.

Overall, the review concluded that the Audit Committee meets or exceeds expectations in fulfilling its remit and continues to provide robust assurance on governance, risk management, and internal control.

York College meets its statutory obligation to have an Audit Committee through its own Audit Committee, which advises the Corporation on audit arrangements, governance, risk management, and internal controls.

The Audit Committee meets on a termly basis. It provides a forum for reporting by the College's internal and financial statements auditors, who have access to the Committee for independent discussion, without the presence of college management. The Committee also receives and considers audit and assurance reports from the main FE funding bodies, as they affect the College's activities.

Audit Committee meetings took place four times during 2024-25. The attendance record for committee members was as follows:

Name	Committee Attendance
J Histon	100%
A Thomas	100%
V Inness	75%
J Farrar	100%
A Entwistle	75%
J Ennis	100%

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input. They report their findings to both management and the Audit Committee as well as reporting annually to the Corporation.

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

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

The number of committee meetings held during the year was 4.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

People and Governance Committee

The People and Governance Committee, which includes in its membership the Principal/Chief Executive (who is a Governor) and the Chair of the Corporation, considers applications for appointments to the Corporation. The Committee ensures that an appropriate range of skills and expertise is maintained on the board, including a programme of Governor training; and that there is effective succession planning. It closely monitors Governor attendance and operates a number of controls for the same, to ensure high levels of commitment are demonstrated and to mitigate the risk of ineffective governance where a majority of Governors are not fully briefed and up to date. The Committee also reviews the annual performance of the Corporation and advises the full board on the adequacy of its governance arrangements.

Finance and General Purposes Committee

The Finance and Resources Committee considers and advises the Corporation on all aspects of the Corporation's finances and resources, inclusive of financial policies, controls and strategy. It meets four times a year. Its membership totals six including the Principal/Chief Executive Officer. It considers and advises the governing body on matters related to college policy and strategy, particularly those that have financial implications. This includes human resources, health and safety, investment, borrowing, and commercial activities. The committee oversees the management of the college's resources, including land, buildings, and estates.

Quality and Curriculum Committee

The Quality and Curriculum Committee gains assurance on behalf of the Corporation by reviewing and challenging key quality systems, procedures and performance indicators. It also identifies impacts on learning and teaching delivery and student achievement, monitors performance against internal targets and seeks continued improvement. It ensures that the curriculum is effectively responding to and meeting the needs of learners, employers and other key stakeholders at a local, regional and where appropriate national level. It meets four times a year. Its membership includes governors with relevant experience in the education sector, especially within Further Education.

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Chief Executive and Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the conditions of funding between York College and the funding body and the OfS registration conditions. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically. The system of internal control has been in place in York College for the year ended 31 July 2025 and up to the date of approval of the Report and Financial Statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls, and arrangements for compliance with legal and regulatory matters including those relating to the regularity and propriety of the use of public funding that have been implemented to mitigate those risks.

The Corporation is of the view that there is a formal ongoing process for identifying, evaluating, and managing the College's significant risks that has been in place for the period ending 31 July 2025 and up to the date of approval of the annual report and financial statements.

This process is regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation.
- regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts.
- setting targets to measure financial and other performance.
- clearly defined capital investment control guidelines.
- the adoption of formal project management disciplines, where appropriate; and
- consideration by Committees of the risks associated with their area of oversight and the reporting of any concerns to the Governing Body.

The College has an internal audit service, which operates in accordance with the requirements of the Department for Education's College Financial Handbook. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Statement from the audit committee

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the Corporation has effective internal controls in place.

The internal auditors completed a programme of scheduled audits during 2024-25 that included:

Governance reclassification	November 2024	Substantial assurance
Safeguarding	November 2024	Substantial assurance
Bursaries	March 2025	Reasonable assurance
Student experience	April 2025	Substantial assurance
Curriculum planning	July 2025	Substantial assurance
Payroll	July 2025	Substantial assurance

Internal audits covering performance management and curriculum planning were planned and scheduled to be completed at the end of July 2025.

The committee continued to monitor the implementation of internal audit recommendations for the following audits -

Health and Safety (Placement/Trips)
Equality, Diversity and Inclusion
HR Recruitment
ICT Business Continuity

No points raised in the internal audits for 2023-24 and 2024-25 were fundamental requiring critical action.

The audits totalled 35 days for 2024-25. No fundamental / significant control risks were identified.

All audit reports outline the level of assurance, and an action plan is put in place for any risk areas outlined. The action plan is monitored by the Audit Committee via regular progress reports from the Chief Finance Officer (previously Vice Principal of Finance and Professional Services) and the Internal Auditor completes an annual follow-up review to confirm that actions have been taken and new systems or processes are embedded.

Responsibilities under accountability agreements and the Office for Students conditions of registration

Throughout 2024–25, the College has continued to meet its obligations under the accountability agreement with the Department for Education and the conditions of registration set by the Office for Students. All required returns have been submitted on time, with appropriate evidence retained to support learner data claims. The College has ensured that public funds are used appropriately and in line with funding rules.

Following the reclassification of colleges as public sector organisations by the Office for National Statistics in November 2022, the Department for Education introduced new financial controls. These were formalised in the College Financial Handbook 2024, effective from 1 August 2024. In response, the College undertook a comprehensive review of its policies, procedures, and approval processes to ensure compliance with the updated statutory obligations and financial governance requirements.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Responsibilities under accountability agreements and the Office for Students conditions of registration (continued)

Further updates were introduced in the College Financial Handbook 2025, published in June 2025 and effective from 1 August 2025 his latest edition reinforces the College's responsibilities as a publicly funded body, including adherence to HM Treasury's Managing Public Money principles. The College has reviewed the new guidance and has implemented necessary changes to maintain compliance and uphold high standards of financial governance.

The College's financial regulations have been updated during the year and were approved by the Corporation on 10 July 2025.

Review of effectiveness

The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee.

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

- the work of the internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College's financial statements auditors in their management letter and other reports.

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

The Strategic Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Strategic Leadership Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Strategic Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

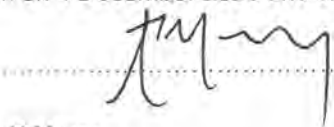
At its December 2025 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2025 by considering documentation from the Strategic Leadership Team and the internal audit service and taking account of events since 31 July 2025.

Based on the advice of the Audit Committee and the Principal, as Accounting Officer, the Corporation is of the opinion that the College does have an adequate framework for governance, risk management and control and has fulfilled its statutory responsibility for *'the effective and efficient use of resources, the solvency of the College and safeguarding its assets'*.

Approved by order of the members of the Corporation on 4 December 2025 and signed on its behalf.



T Looker
Chair



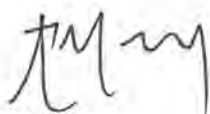
K Merry
Principal, Chief Executive and Accounting Officer

STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of the corporation of York College I confirm that I have had due regard to the framework of authorities governing regularity, propriety and compliance, including the college's accountability agreement with DfE, and the requirements of the College Financial Handbook. I have also considered my responsibility to notify the corporation's board of governors and DfE of material irregularity, impropriety and non-compliance with terms and conditions of all funding.

I confirm that I, and the board of governors, are able to identify any material irregular or improper use of all funds by the corporation, or material non-compliance with the framework of authorities.

I confirm that no instances of material irregularity, impropriety or non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of governors and DfE.



K Merry
Principal, Chief Executive and Accounting Officer

4 December 2025

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the college's accountability agreement, funding agreements and contracts with ESFA and DfE and any other relevant funding bodies, the corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, DfE's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report), and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the corporation will continue in operation.

The corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

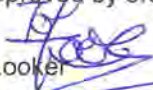
The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011 (as amended), and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, DfE, and any other public funds, are used only in accordance with the accountability agreement, funding agreements and contracts and any other conditions, that may be prescribed from time to time by DfE, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the College Financial Handbook. On behalf of the corporation, the chair of the board of governors is responsible for discussing the accounting officer's statement of regularity, propriety and compliance with the accounting officer.

Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from DfE, ESFA and other public bodies are not put at risk.

Approved by order of the members of the corporation on 4 December 2025 and signed on its behalf by:


I Looker
Chair of governors

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF YORK COLLEGE

Opinion

We have audited the financial statements of York College (the "College") for the year ended 31 July 2025 which comprise College statements of comprehensive income, the College balance sheet, the College statement of changes in reserves, the College statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction issued by the Department for Education.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2025 and of the College's deficit of income over 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 Accounts Direction issued by the Department for Education.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the governors 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 Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and 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 AUDITOR'S REPORT TO THE CORPORATION OF YORK COLLEGE (CONTINUED)

Opinion on other matters prescribed by the Office for Students' Accounts Direction

In our opinion, in all material respects:

- funds from whatever source administered by the college for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England) and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by the Department for Education requires us to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note 3 to the accounts, has been materially misstated.
- the College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Corporation of York College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 27, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF YORK COLLEGE (CONTINUED)

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the College operates in and how the College are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Department for Education, and Regulatory Advice 9: Accounts Direction published by the Office for Students'. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management whether the college is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities in order to draw a conclusion.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and performing tests of detail on a sample of revenue transactions together with performing a review of the appropriate application of the College's revenue recognition policy.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Accountability Agreement published by the Department for Education and our engagement letter dated 22 July 2025. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Two Humber Quays
Wellington Street West
Hull
HU1 2BN

Date: 8 December 2025

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2025

	Note	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Income			
Funding body grants	2	31,172	27,985
Tuition fees and education contracts	3	3,202	3,214
Other grants and contracts	4	430	26
Other income	5	2,296	2,387
Investment income	6	216	716
Total income		37,316	34,328
Expenditure			
Staff costs	7	25,354	23,071
Other operating costs	8	9,332	8,853
Depreciation	10	2,698	2,418
Total expenditure		37,384	34,342
(Deficit) before other gains and losses		(68)	(14)
(Loss) on the disposal of assets		-	-
(Deficit) before taxation		(68)	(14)
Operating surplus / (deficit) before other gains and losses and FRS 102 pension adjustments		82	(310)
Pension adjustments (FRS 102 and actuarial gains and losses on Enhanced Pensions scheme)		(150)	296
Taxation	9	-	-
(Deficit) for the year		(68)	(14)
Remeasurement of net defined benefit pension scheme	17	151	(9,232)
Total comprehensive income for the year and attributable to the Corporation of the College		83	(9,246)

The notes on pages 35 to 58 form part of the financial statements

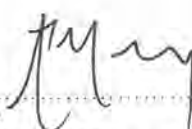
York College
FINANCIAL STATEMENTS
For the year ended 31 July 2025

BALANCE SHEET AS AT 31 JULY 2025

	Note	2025 £'000	2024 £'000
Non current assets			
Tangible fixed assets	10	52,268	53,419
Current assets			
Stocks		10	8
Trade and other receivables	11	2,254	1,753
Cash at bank and in hand		6,495	4,411
		<u>8,759</u>	<u>6,172</u>
Current liabilities			
Creditors: Amounts falling due within one year	12	<u>(4,808)</u>	<u>(4,286)</u>
Net current assets		<u>3,951</u>	<u>1,886</u>
Total assets less current liabilities		<u>56,219</u>	<u>55,305</u>
Creditors: Amounts falling due after more than one year	13	(19,342)	(18,437)
Provisions for liabilities			
Defined benefit pension scheme	17	-	-
Other provisions	14	<u>(555)</u>	<u>(629)</u>
Total net assets		<u>36,322</u>	<u>36,239</u>
Restricted reserves		3	3
Unrestricted reserves			
Income and expenditure reserve		35,466	35,383
Revaluation reserve		853	853
Attributable to the College Corporation		<u>36,319</u>	<u>36,236</u>
Total reserves		<u>36,322</u>	<u>36,239</u>

The financial statements on pages 31 to 58 were approved and authorised for issue by the Corporation on 4 December 2025 and were signed on its behalf by:


J. Looker
Chair


K Merry
Principal, Chief Executive and Accounting Officer

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2025

	Restricted Reserve £'000	Unrestricted Income and Expenditure Reserve £'000	Unrestricted Revaluation Reserve £'000	Total Unrestricted Reserves £'000	Total Reserves £'000
Balance at 1 August 2023	4	44,628	853	45,481	45,485
(Deficit) from the income and expenditure account	(1)	(13)	-	(13)	(14)
Other comprehensive income	-	(9,232)	-	(9,232)	(9,232)
Balance at 31 July 2024	3	35,383	853	36,236	36,239
(Deficit) from the income and expenditure account	-	(68)	-	(68)	(68)
Other comprehensive income	-	151	-	151	151
Balance at 31 July 2025	3	35,466	853	36,319	36,322

The notes on pages 35 to 58 form part of the financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2025

	2025	2024
	£000	£000
Cash flow from operating activities		
Deficit for the year	(68)	(14)
Adjustment for		
Depreciation	2,698	2,418
(Increase) in stocks	(2)	-
(Increase) / decrease in debtors	(494)	362
Increase in creditors due within one year	591	342
Increase in creditors due after one year	905	1,009
(Decrease) in provisions	(74)	(55)
Pensions costs less contributions payable	180	158
Adjustment for investing or financing activities		
Investment income	(187)	(242)
Interest / finance costs receivable	(29)	(474)
Loss on sale of fixed assets	5	-
Net cash flow from operating activities	3,525	3,504
Cash flows from investing activities		
Proceeds from sale of fixed assets	(1)	-
Investment income	180	256
Payments made to acquire fixed assets	(1,620)	(5,047)
	(1,441)	(4,791)
Increase / (decrease) in cash and cash equivalents in the year	2,084	(1,287)
Cash and cash equivalents at beginning of year	4,411	5,698
Cash and cash equivalents at end of year	6,495	4,411

The notes on pages 35 to 58 form part of the financial statements.

A net debt reconciliation is not presented as the College does not have any debt.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025

1. Statement of accounting policies and estimation techniques

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

Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice; Accounting for Further and Higher Education 2019 (F & HE SORP 2019), the College Accounts Direction for 2024 to 2025 and Regulatory Advice 9; Accounts Direction issued by OfS and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

These financial statements are prepared in accordance with the historical cost convention.

At 31 July 2025, the College had no subsidiary companies. A joint venture activity commenced on 17 July 2019 with the formation of the Yorkshire and Humber Institute of Technology Limited. This is a company limited by guarantee with eight other partners.

In accordance with Financial Reporting Standard FRS 102, the activities of the student union have not been consolidated because the College does not control those activities.

Going concern

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

The College currently generates positive operating cash flows contributing towards a healthy bank balance and reserves position. In addition, the College has no loans or debt at 31 July 2025. The healthy cash balance and absence of debt supports a financially strong position and a 'good' financial health rating.

The financial plan including cash flow forecasts prepared for the period to July 2027 shows an increase in unrestricted cash to £5.4m as at end of July 2026 and £5.7m as at end of July 2027. With the cost of living pressure, early reforecasting and monitoring of performance will be required to inform any corrective action required. The September 2025 enrolment of 16-19 students has been positive with an anticipation of an increased allocation for 2026-27. This strengthens the financial position going forward.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the period to July 2027 and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

• Revenue grant funding

Government revenue grants including funding body recurrent grants and other grants are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with the best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Skills Fund (ASF) is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

1. Statement of accounting policies and estimation techniques (continued)

Recognition of income (continued)

16-18 learner responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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

- Capital grant funding

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

Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

- Fee income

Income from tuition fees is stated gross of any expenditure that is not a discount and is recognised in the period for which it is received. This includes all fees payable by students or their sponsors.

- Investment income

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Accounting for Post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans which are externally funded.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

1. Statement of accounting policies and estimation techniques (continued)

Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

The LGPS assets are managed by the scheme trustees at scheme level, and the determination / allocation of assets to each individual employer in the scheme is managed by the scheme actuary. The assets are allocated to each employer for accounting purposes based on the valuation of the assets at the latest triennial valuation as adjusted for subsequent contributions received from the employer, asset returns and benefit payments made (either on a cash basis or actuarial basis).

The retirement benefit obligation recognised represents the deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations.

The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Re-measurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Short term employment benefits

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

Enhanced pensions

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

Non-current assets – tangible fixed assets

Cost measurement and valuation

The College accounts for the value of tangible fixed assets at cost less accumulated depreciation and accumulated impairment losses. This also includes any costs that are directly attributable to bringing the asset into working condition for its intended use.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

1. Statement of accounting policies and estimation techniques (continued)

Non-current assets – tangible fixed assets (continued)

Cost measurement and valuation (continued)

The cost of a tangible fixed asset, whether acquired or self-constructed, can include the following costs:

- The purchase or construction cost of the asset including any irrecoverable Value Added Tax. This is after deducting any trade discounts or rebates;
- Any additional acquisition costs, such as stamp duty or import duties;
- Any initial delivery or handling costs;
- Any costs of installation and commissioning the asset;
- Any cost of site preparation and clearance;
- Any professional fees, including legal, architect or engineering fees; and
- Any other costs directly attributable to bringing the asset into working use, including software essential to the operation of the asset.

The capitalisation of directly attributable costs ceases when all activities needed to get the tangible fixed asset ready for use, are complete. This is the case, even if the asset has not yet been brought into use.

The cost of tangible fixed assets does not include the following:

- Finance costs attributable to the purchase or construction of tangible fixed assets; and
- The value of the time of the College's own staff attributable to bringing a tangible fixed asset into working use.

Land and buildings

Land transferred from North Yorkshire County Council upon Incorporation is valued on the College's balance sheet on the basis of depreciated replacement cost.

Land and buildings acquired since Incorporation are included in the balance sheet at cost.

When an asset is donated to the College, the initial valuation of the asset is the current value of the asset at the date it is received.

Depreciation

College owned freehold land is not depreciated as it is considered to have an infinite life.

Freehold and leasehold buildings are depreciated over their expected useful life to the College as follows:

Buildings	Between 40 and 60 years
Specialist facilities	Between 10 and 25 years (e.g. all weather pitch, multi-use games area, etc.)

Where land and buildings are acquired with the aid of specific grants, these assets are depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

1. Statement of accounting policies and estimation techniques (continued)

Subsequent expenditure on existing fixed assets

Once in use, where significant expenditure is incurred on tangible fixed assets, it is charged to the Statement of Comprehensive Income in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- The market value of the fixed asset has subsequently improved;
- The asset's capacity has been increased;
- There have been substantial improvements in the quality of output or reduction in operating costs; and
- There has been a significant extension of the asset's life beyond that conferred by repair and maintenance.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2025. They are not depreciated until they are brought into use.

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition, but individual items costing less than £1,000 can be grouped into an asset costing more than £1,000 and be capitalised. All other equipment is capitalised at cost.

Depreciation

Equipment is depreciated over its useful economic life as follows:

IT Hardware and Software	Between 3 and 6 years
Motor vehicles and general equipment	Between 3 and 20 years
Fixtures and fittings	Between 10 and 35 years

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

Jointly Controlled Entities

Entities in which the College has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities. The College's investment in jointly controlled entities is accounted for using the cost model and is stated net of any cumulative impairment losses. Distributions from the jointly controlled entity are recognised in income at the point of entitlement.

Cash and cash equivalents

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

1. Statement of accounting policies and estimation techniques (continued)

Financial Instruments

The College has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measure at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on its inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions and contingent liabilities

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

1. Statement of accounting policies and estimation techniques (continued)

Provisions and contingent liabilities (continued)

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

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Agency arrangements

The College acts as an agent in the collection and payment of certain bursary support funds and Further Education free meals funds. Related payments received from funding body and subsequent disbursements to students are excluded from the income and expenditure of the College where the College does not have control of the economic benefit to the transaction.

Critical accounting judgements and estimation uncertainty

Estimates and judgements 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.

Local Government Pension Scheme

Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to include in the asset ceiling in measuring and recognising a surplus in the scheme. This judgement is based on an assessment of the nature of the scheme as a statutory scheme and is the inherent implied continuance and the operation of the primary and secondary contributions

Critical accounting estimates and assumptions

- **Tangible fixed assets**

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Impairment**

Determination as to whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

- **Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 20, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions obligation at 31 July 2025. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension obligation.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

2. Funding body grants

	2025	2024
	£000	£000
Recurrent Grants:		
DfE/Education and Skills Funding Agency – 16-18	22,606	20,380
DfE/Education and Skills Funding Agency – Adult	852	826
DfE/Education and Skills Funding Agency – Apprenticeships	4,960	4,418
Office for Students	116	135
Specific Grants:		
Apprentice Employer Additional payments	226	209
Teacher Pension Scheme contribution grant	1,256	909
National Insurance contribution grant	153	-
Tuition Fund	-	197
DfE/ESFA Level 3 Skills offer	31	14
Other DfE/ESFA grants	87	137
Release of Government capital grants	885	760
Total	31,172	27,985

3. Tuition fees and education contracts

	2025	2024
	£000	£000
Adult education fees	24	55
Apprenticeship fees and contracts	41	59
Fees for FE loan supported courses	215	264
Fees for HE loan supported courses	1,125	1,160
International student fees	492	508
Total tuition fees	1,897	2,046
Education contracts	1,305	1,168
Total	3,202	3,214

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

3. Tuition fees and education contracts (continued)

Details of grant and fee income

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Grant income from the Office for Students	116	135
Grant income from other bodies	31,056	27,850
Fees income for taught awards (exclusive of VAT)	3,202	3,214
Total grant and fee income	<u>34,374</u>	<u>31,199</u>

4. Other grants and contracts

	2025 £000	2024 £000
Other grants and contracts	<u>430</u>	<u>26</u>
Total	<u>430</u>	<u>26</u>

5. Other income

	2025 £000	2024 £000
Catering and residencies	872	814
Other income generating activities	177	171
Non-government capital grants	28	32
Miscellaneous income	<u>1,219</u>	<u>1,370</u>
Total	<u>2,296</u>	<u>2,387</u>

6. Investment income

	2024 £000	2023 £000
Other investment income	187	242
Net interest on defined pension asset	<u>29</u>	<u>474</u>
Total	<u>216</u>	<u>716</u>

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

7. Staff costs

The average number of persons employed (including key management personnel) by the college during the year, disclosed on an average headcount basis, was:

	2025	2024
Teaching staff	321	328
Non teaching staff	354	363
Total	675	691
Staff costs for the above persons	2025	2024
	£000	£000
Wages and salaries	18,715	17,650
Social security costs	2,035	1,645
Other pension costs	4,031	3,501
Payroll sub total	24,781	22,796
Contracted out services	328	187
	25,109	22,983
Restructuring costs – Contractual	157	44
Restructuring costs – Non contractual	88	44
Total	25,354	23,071

Severance payments

The College paid 23 severance payments in the year, disclosed in the following bands:

0- £25,000	20
£25,001 - £50,000	3
£50,001 - £100,000	-
£100,001 - £150,000	-
£150,000+	-

Included in staff restructuring costs are special severance payments totaling £88,017. Individually, the payments were: £13,545, £10,169, £7,602, £7,125, £7,066, £7,066, £7,066, £7,066, £4,201, £3,277, £3,034, £2,582, £2,172, £1,664, £1,464, £1,087, £936, £368, £276 and £244.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

7. Staff costs (continued)

The corporation does not have any salary sacrifice arrangements in place.

Emoluments of Accounting Officer and other higher paid staff

	2025 No.	2024 No.
The number of higher paid staff, including the Accounting Officer was	14	15

The number of staff who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	2025 Staff	2024 Staff
£60,001-£65,000	1	-
£65,001-£70,000	-	5
£70,001-£75,000	5	-
£95,001-£100,000	-	1
£105,001-£110,000	-	1
£110,001-£115,000	1	-
£125,001-£130,000	-	1
£155,001-£160,000	1	-
Total	8	8

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

7. Staff costs (continued)

Emoluments of Accounting Officer and other higher paid staff (continued)

Higher paid staff compensation including the Accounting Officer is made up as follows:

	2025	2024
	£'000	£'000
Salaries	899	869
Benefits in kind	-	-
Pension contributions	197	143
Total	1,096	1,012

In addition to the above national insurance amounted to £117,000 (2024: £107,000).

Total higher paid staff compensation include amounts payable to the Accounting Officer, appointed in November 2023, (who is the highest paid officer) of:

	2025	2024
	£'000	£'000
Salaries	156	102
Benefits in kind	-	-
	156	102
Pension contributions	45	27
Total compensation	201	129

Total higher paid staff compensation include amounts payable to the former Accounting Officer, to October 2023 (who was the highest paid officer) of:

	2025	2024
	£'000	£'000
Salaries	-	38
Benefits in kind	-	-
	-	38
Pension contributions	-	7
Total compensation	-	45

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

7. Staff costs (continued)

Emoluments of Accounting Officer and other higher paid staff (continued)

The College has adopted the AoC's senior staff remuneration code and have followed the minimum requirements of the code to meet the principles of transparency, accountability, proportionality, understandability, value for money and the extent to which remuneration for senior people is evidence-based.

The pension contributions in respect of the Principal and other higher paid staff are in respect of employer's contributions to the Teachers' Pension Scheme and Local Government Pension Fund and are paid at the same rate as for other employees.

The remuneration of the Accounting Officer was determined on 20 March 2024 by the College's Board of Governors. The accounting officer was not involved in setting their remuneration. The factors taken into account in determining the accounting officer's remuneration included sector data on pay of accounting officers and benchmarking to the broader market. The remuneration of key management staff including the Principal and Chief Executive follow the adopted AoC Senior Staff Remuneration Code and assesses pay in line with its principles, consent for the remuneration of the current Accounting Officer was obtained from the DfE. For 2024-25, the Accounting Officer received the same consolidated pay award of 3% that was awarded to all staff.

A similar approach was used to determine the remuneration of other higher paid staff.

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	2025 No	2024 No
Basic salary as a multiple of median basic salary of staff	4.50	4.50
Total remuneration as a multiple of median total remuneration of staff	5.00	4.90

The above calculations are based on the guidance issued by the Office for Students. The calculations include costs of all salaried staff. Agency staff costs are not included in the calculation, as the data is not readily available. The cost of agency staff is only 2.1% of total wages and salaries and therefore deemed to have no material effect.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

7. Staff costs (continued)

Emoluments of Accounting Officer and other higher paid staff (continued)

Compensation for loss of office paid to former higher paid staff

	2025 £	2024 £
Compensation paid to nil (2024: one) former post-holders – contractual	-	37,517
Compensation paid to nil (2024: one) former post-holders - non contractual	-	26,267
Estimated value of other benefits, including provisions for pension benefits	-	-

All severance payments were approved by the Chief Executive and Principal. The above payment of £37,517 relates to 2023-24 and was paid to the former Accounting Officer where approval was given by the Governing Body.

Governors' remuneration

The Accounting Officers and the staff member only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the college in respect of their roles as governors.

The total expenses paid to or on behalf of the Governors during the year was £545 to governors (2024: £844 to governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending meetings, training and other events in their official capacity.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

8. Other operating expenses

	2025	2024
	£'000	£'000
Teaching staff	3,304	3,061
Non-teaching costs	3,871	3,769
Premises costs	2,157	2,023
Total	9,332	8,853
Other operating expenses include:		
Auditors remuneration		
Financial statements audit *	47	46
Other services from financial statement auditors:	4	-
• FE ITE bursaries (assurance)	2	-
• TPS audit (assurance)	2	-
• Subcontracting advice (advisory)		
Other services from auditors:		
• Internal audit	17	16
• Subcontracting standard (assurance)	5	-
Operating lease rentals	64	57

* Excludes VAT

Included within expenditure are the following transactions, individual transactions exceeding £5,000 are identified separately:

	Total	Individual items above £5,000	
		Amount	Reason
	£	£	
Compensation payments	-	-	-
Write off and losses	15,632	-	-
Guarantees, letters of comfort and indemnities	-	-	-

9. Taxation

The Corporation does not believe the College was liable for any corporation tax arising from its activities during either period.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

10. Tangible fixed assets

	Freehold land and buildings £'000	Equipment £'000	Assets under construction £'000	Total £'000
Cost or valuation				
At 1 August 2024	63,436	20,438	88	83,962
Additions	8	1,262	281	1,551
Transfers	88	-	(88)	-
Disposals	-	(368)	-	(368)
At 31 July 2025	<u>63,532</u>	<u>21,332</u>	<u>281</u>	<u>85,145</u>
Depreciation				
At 31 July 2024	16,951	13,592	-	30,543
Charge for the year	1,250	1,448	-	2,698
Elimination in respect of disposal	-	(364)	-	(364)
At 31 July 2025	<u>18,201</u>	<u>14,676</u>	<u>-</u>	<u>32,877</u>
Carrying amount at 31 July 2025	<u>45,331</u>	<u>6,656</u>	<u>281</u>	<u>52,268</u>
Carrying amount at 31 July 2024	<u>46,485</u>	<u>6,846</u>	<u>88</u>	<u>53,419</u>

Land and buildings includes land valued at £853,000 (2024: £853,000) that is not depreciated.

The College's inherited land was valued at 30 April 1996 at depreciated replacement cost by Sanderson, Townsend & Gilbert, a firm of independent chartered surveyors. The values were retained on transition to FRS 102.

If inherited land had not been valued before being deemed as cost on transition, they would have been included at the following amounts:

	£000
Cost	Nil
Aggregate depreciation based on cost	<u>Nil</u>
Carrying amount based on cost	<u>Nil</u>

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

11. Trade and other receivables

	2025	2024
	£'000	£'000
Amounts falling due within one year		
Trade receivables	244	220
Other receivables	41	27
Prepayments and accrued income	984	756
Amounts owed by the DfE	985	750
Total	2,254	1,753

12. Creditors: Amounts falling due within one year

	2025	2024
	£'000	£'000
Trade payables	1,376	1,313
Other taxation and social security	576	410
Other creditors	807	531
Accruals and deferred income	635	621
Holiday pay accruals	31	6
Government revenue grants	257	-
Government capital grants	854	867
Amounts owed to the DfE	272	538
Total	4,808	4,286

13. Creditors: Amounts falling due after more than one year

	2025	2024
	£'000	£'000
Government capital grants	19,342	18,437
Total	19,342	18,437

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

14. Provisions

	Enhanced pension provision £'000	Total £'000
At 1 August 2024	629	629
Utilised in the period	(73)	(73)
Additions in the period	(1)	(1)
At 31 July 2025	<u>555</u>	<u>555</u>

The enhanced pension provision relates to the cost of staff who have already left the College's employment and any commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2025	2024
Price inflation	2.7%	2.8%
Interest rate	5.5%	4.8%

15. Capital commitments

	2025 £'000	2024 £'000
Commitments contracted for at 31 July 2025	<u>291</u>	<u>665</u>

16. Lease obligations

At 31 July 2025, the College had minimum lease payments under non-cancellable operating leases as follows:

	2025 £'000	2024 £'000
Future minimum lease payments due:		
Not later than one year	68	60
Later than one year and not later than five years	<u>141</u>	<u>72</u>
	<u>209</u>	<u>132</u>

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

17. Defined benefit obligations

The College's employees belong to two principal post employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the Local Government Pension Scheme (LGPS) for non teaching staff which is managed by North Yorkshire Council. Both are multi-employer defined benefit plans.

Total pension cost for the year	2025	2024
	£'000	£'000
Included in Staff Costs in respect of:		
Teachers' Pension Scheme: contributions paid	2,694	2,190
Local Government Pension Scheme:		
Contributions paid	1,158	1,133
FRS 102 (28) charge	<u>180</u>	<u>158</u>
Charge to the Statement of Comprehensive income	1,338	1,291
Enhanced Pension charge to the Statement of Comprehensive income	<u>(1)</u>	<u>20</u>
Total Pension costs included in staff costs for the year	<u>4,031</u>	<u>3,501</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2020 and of the LGPS 31 March 2022. No pension contributions are outstanding at year end date.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and from 1 April 2014 the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation was carried out as at 31 March 2020 and in accordance with The Public Service Pensions (Valuation and Employer Cost Cap) Directions 2023 and the Employer Contribution Rate was assessed using agreed assumptions in line with the Directions and was accepted at the original assessed rate as there was no control mechanism breach.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

17. Defined benefit obligations (continued)

Valuation of the Teachers' Pension Scheme (continued)

The valuation report was published on 26 October 2023. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (the capital sum needed at 31 March 2020 to meet the stream of future cash flows in respect of benefits earned) of £262 billion.
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £222 billion.
- Notional past service deficit of £39.8 billion (2016 £22 billion).
- Discount rate is 1.7% in excess of CPI (2016 2.4% in excess of CPI) (this change had had the greatest financial significance).

As a result of the valuation, new employer new employer contributions rates have been set at 28.68% of pensionable pay from 1 April 2024 until 1 April 2028 (compared to 23.68% under the previous valuation including a 0.08% administration levy). DfE agreed to pay a Teacher Pensions employer contribution grant to cover the additional costs during the 2024-25 academic year, and currently through to July 2026.

The pension costs paid to TPS in the year amounted to £3,491,000 (2024: £2,917,000) of which employer contributions totalled £2,694,000 (2024: £2,190,000) and employee contributions totalled £797,000 (2024: £727,000).

Local Government Pension Scheme

The LGPS is a funded defined benefit plan, with the assets held in separate funds administered by North Yorkshire Council. The total contribution made for the year ended 31 July 2025 was £1,636,000 of which employer contributions totalled £1,158,000 and employee contributions totalled £478,000.

The latest scheme valuation for LGPS was 31 March 2025, with the new employer contribution rates applicable from 1 April 2026.

Principal actuarial assumptions

The following information is based on a full actuarial valuation of the fund as at 31 March 2022 updated to 31 July 2025 by a qualified independent actuary.

	At 31 July 2025	At 31 July 2024
Rate of increase in salaries	3.75%	3.85%
Future pensions increase	2.50%	2.60%
Discount rate for scheme liabilities	5.80%	5.00%
Inflation assumption (CPI)	2.50%	2.60%
Commutation of pensions to lump sum at retirement	80%	80%

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

17. Defined benefit obligations (continued)

Principal actuarial assumptions (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2025	At 31 July 2024
Aged 65 at accounting date		
Males	21.9	21.8
Females	24.5	24.4
Aged 45 at accounting date		
Males	22.5	22.4
Females	25.2	25.2

The College's share of the assets in the plan at the balance sheet date.

	Fair value at 31 July 2025 £'000	Fair value at 31 July 2024 £'000
Equity instruments	25,045	26,691
Government bonds	9,466	6,548
Corporate bonds	4,494	4,051
Property	3,535	3,163
Multi asset credit	3,175	2,941
Cash	1,797	1,998
Other	12,402	10,099
Total fair value of assets	59,914	55,491
Actual return on plan assets	4,024	4,686

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

17. Defined benefit obligations (continued)

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

	2025	2024
	£'000	£'000
Fair value of plan assets	59,914	55,491
Present value of plan liabilities	(40,295)	(43,704)
Unrecognised asset	(19,619)	(11,787)
Net pensions asset	<u>-</u>	<u>-</u>

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

Amounts included in staff cost

	2025	2024
	£'000	£'000
Current service cost	1,321	1,291
Past service cost	17	-
Benefit changes loss on curtailments and settlements	-	-
Total	<u>1,338</u>	<u>1,291</u>

Amounts included in interest and other finance costs

Net interest receivable	(618)	(474)
Interest on unrecognised asset	589	-
Total	<u>(29)</u>	<u>(474)</u>

Amount recognised in Other Comprehensive Income

Return on pension plan assets	1,238	2,137
Actuarial gains	6,156	418
Restriction of surplus	(7,243)	(11,787)
Amounts are included in Other Comprehensive Income	<u>151</u>	<u>(9,232)</u>

Changes in present value of defined benefit obligations

Defined benefit obligations at start of period	43,704	42,174
Current service cost	1,321	1,291
Interest cost	2,168	2,075
Contributions by scheme participants	478	462
Actuarial (gains) on defined benefit	(6,156)	(418)
Benefits paid	(1,237)	(1,880)
Past service cost	17	-
Defined benefit obligations at end of period	<u>40,295</u>	<u>43,704</u>

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

17. Defined benefit obligations (continued)

	2025 £'000	2024 £'000
Changes in fair value of plan assets		
Reconciliation of Assets		
Fair value of assets at start of period	55,491	51,090
Interest income on assets	2,786	2,549
Return on plan assets (excluding net interest on the net defined benefit (asset) / liability)	1,238	2,137
Employer contributions	1,158	1,133
Contributions by scheme participants	478	462
Benefits paid	(1,237)	(1,880)
Fair value of plan assets at end of period	59,914	55,491

The College is aware that the Court of Appeal has recently upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgement means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained.

On the 5 June 2025, the Government announced its intention to introduce legislation to give affected pension schemes the ability to retrospectively obtain written confirmation that historical benefit changes met the necessary standards. However, details of the legislation have not been announced and it's not clear how this interacts with the investigations made by the UK Government's Actuary's Department therefore the potential impact if any, on the valuation of scheme liabilities remains unknown.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an FE body in the statutory sector closure, where there is no transfer or merger, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 12 November 2024.

Recognition of net assets

	2025 £'000	2024 £'000
Present value of defined benefits obligations	(40,295)	(43,704)
Fair value of assets at start of period	59,914	55,491
Net asset	19,619	11,787
Restriction to level of asset ceiling (excluding interest on asset restriction)	(19,619)	(11,787)
Net asset recognised in the balance sheet	-	-

The value of the college's share of net assets has been restricted due to the effect of the asset ceiling being the maximum value of the present of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding charge has been made to other comprehensive income in the period.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2025 (CONTINUED)

18. Related party transactions

Key management compensation disclosure is given in Note 7.

No member has received any remuneration or waived payments from the College (2024: nil).

A member of the College Board is Chief Executive Officer of JISC. Purchase transactions in the year amounted to £63,000 (2024: £77,000). The balance outstanding at the year-end was nil (2024: £3,000).

A member of the College Board is Chief Operating Officer of York St John University. Purchase transactions in the year amounted to nil (2024: £1,000). The balance outstanding at the year end was nil (2024: nil). Sales transactions in the year amounted to £6,000 (2024: £6,000). £1,000 was outstanding at the year end (2024: nil).

A member of the Strategic Leadership Team is an Education Adviser to Earniversity. Purchase transactions in the year amounted to £10,000 (2024: £20,000). The balance outstanding at the year-end was nil (2024: £20,000).

19. Access and participation expenditure

	2025 £'000	2024 £'000
Access investment	-	13
Financial support provided to students	23	27
Support for disabled students	-	-
Research and evaluation related to access and participation	-	-
Total access and participation expenditure	23	40

The College's access and participation plan is available on the College's website at:
<http://www.yorkcollege.ac.uk/university-centre/access-and-participation>

20. Interests in jointly controlled entities

The College has a long-term interest and shares control under a contractual arrangement in Yorkshire and Humber Institute of Technology Limited, a private company limited by guarantee incorporated in England and Wales on the 17 July 2019.

21. 16-19 Bursaries

The College distributes 16-19 discretionary and vulnerable bursaries and free meals in further education (FEFM) funds to students as an agent for DfE.

In the accounting period ended 31 July 2025, the College received a total of £548,000 and disbursed £442,000 from DfE 16-19 discretionary and vulnerable bursaries and FEFM funding after charging £26,000 for administration costs.

As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £109,000, of which nil relates to funds that are in scope to be returned to DfE in March 2026.

Comparatives for the accounting period ended 31 July 2024 are £526,000 received from DfE, £590,000 disbursed to learners after charging £23,000 for administration costs, and total cumulative unspent funds of £3,000, of which nil was repaid to DfE.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF YORK COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 22 July 2025 and further to the requirements of the Department for Education (the "DfE") as included in the Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by the DfE, to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by York College during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes intended by Parliament or the financial transactions do not conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 has not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Framework and Guide for External Auditors and Reporting Accountants of Colleges and in any relevant conditions of funding concerning adult education notified by a relevant funder.

We have complied with the independence and other ethical requirements of the FRC's Ethical Standard and the ethical pronouncements of the ICAEW. We also apply International Standard on Quality Management (UK) 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintain comprehensive systems of continuing quality management. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of the accounting officer of York College and Corporation

The accounting officer is responsible, under the requirements of the corporation's accountability agreement with the Secretary of State for Education and the College Financial Handbook for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The Corporation of York College (who are also the trustees for the purposes of charity law) are responsible for the proper conduct and financial operation of York College and appointment of the accounting officer.

Responsibilities of the reporting accountant

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Framework and Guide for External Auditors and Reporting Accountants of Colleges.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work, which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 have not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF YORK COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION (CONTINUED)

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the College Financial Handbook, the accountability agreement with the Secretary of State for Education and those of any other public funder and high level financial control areas where we identified a material irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise or potential impropriety, where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Tests and evidence to support conclusion on regularity' guidance in the Framework and Guide for External Auditors and Reporting Accountants of Colleges.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to the Corporation of York College and the Secretary of State for Education in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of York College and the Secretary of State for Education those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of York College and the Secretary of State for Education for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

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Date: 8 December 2025