

THE ISLE OF WIGHT COLLEGE

**Annual Report and Financial Statements
For the Year Ended 31 July 2025**

The Isle of Wight College

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Senior Management Team, Board of Governors and Professional Advisers

Senior management team

Ros Parker	Principal and CEO; Accounting officer
Fidelma Washington	Chief Operating Officer; Deputy CEO
Tomas Yates	Vice Principal to 31 st October 2024
Samantha Rooney	Assistant Principal (Education, Progress and Student Support, DSL)
Victoria Egerton-Davies	Assistant Principal (Curriculum and Skills)

Board of Governors

A full list of Governors is given on pages 20-23 of these financial statements.
Stephanie Taylor acted as Director of Governance throughout the period.

Professional advisers

Financial statement auditors and reporting accountants:

RSM UK Audit LLP
Highfield Court
Tollgate
Chandler's Ford
Eastleigh
Hampshire
SO53 3TY

Internal auditors:

Scrutton Bland
Fitzroy House
Crown Street
Ipswich
IP1 3LG

Bankers:

Barclays Bank plc
PO Box 60
Newport
Isle of Wight
PO30 1XE

Solicitors:

Womble Bond Dickinson
Oceana House
39 – 49 Commercial Road
Southampton
SO15 1GA

Report of the Members of the Corporation

Objectives and Strategy

The Governing Body presents their annual report together with the financial statements and auditor's report for the Isle of Wight College 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 managing the Isle of Wight College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Mission, Vision, Strategy and Objectives

During 2024, the Corporation approved a new Strategic Plan (2024-30). The College's mission as approved by its members is:

To deliver excellent outcomes in an aspirational and inclusive environment that:

- Puts our students first
- Values our staff
- Builds and nurtures our strong relationships with employers
- Actively supports our local community

The college's vision is to create a more prosperous, inclusive and vibrant Isle of Wight, made possible by the leadership, innovation and contributions of its students, staff and partners, with their diverse skills, ambitions and talents.

Significant consultation with staff and students, as well as external stakeholders, was undertaken to confirm the mission, vision and the underpinning aims and objectives.

Implementation of strategic plan

To support the mission, vision and to ensure that the educational character is maintained, the College has set the following strategic priorities:

1. Raise aspirations through an inspirational, innovative and inclusive place to learn, work and succeed
2. Develop an ambitious, enriching and responsive curriculum in partnership with employers and the community
3. Raise standards in support services, information, advice and guidance that empower students to progress into further learning and work
4. Attract, recruit and retain a talented workforce
5. Ensure the college achieves a sustainable financial future that provides value for public money

Resources

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

The College employs 419 people (calculated on an average basis), of whom 182 are teaching staff. Support staff and management are classed as non-teaching. It should be noted that many of the support staff are involved in front line delivery as technicians or learning support assistants.

The College has £14,560k (2023-24: £13,877k) of total net assets before pension related defined benefit assets or obligations. These net assets include long-term debt of £2,709k (2023-24: £3,384k). As at 31 July 2025 the College's defined benefit pension scheme is in a surplus position of £14,852k (2023-24: asset of £9,348k), meaning that the College's share of its Local Government Pension Scheme is greater than the value of its future pension liabilities. As management do not consider that the College will be able to recover this surplus through either reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in the financial statements.

Tangible resources include the main College site in Newport, the College's CECAMM site in Whippingham, and operating equipment used to support the curriculum delivery. Tangible fixed asset additions during the year amounted to £1,904k. This was split between land and buildings acquired of £973k and equipment purchased of £840k and assets in the course of construction £91k.

The College enrolled 4,711 students. The College's student population includes 1,634 16-to-18-year-old students, 442 apprentices, 75 higher education students and 2,560 adult learners.

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

Stakeholders

In line with other colleges, Isle of Wight College has many stakeholders. These include:

- its current, future and past students
- its staff and their trade unions
- Education Sector Funding Bodies, FE Commissioner, and Other FE institutions
- Local employers and the local community
- Local schools and training providers
- Local Authorities, LEPs and Professional bodies
- The College's bankers, Barclays and Lloyds

The College recognises the importance of these relationships and engages in regular communication with them through the college Internet site and by meetings.

Public Benefit

The Isle of Wight College is an exempt charity under the Part 3 of the Charities Act 2011 and 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 20-23. 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.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education to approximately 4,800 students, including 224 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking

English and maths course. The College adjusts its courses to meet the needs of local employers and provides training to 442 apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

DEVELOPMENT AND PERFORMANCE

Financial Review

The College had an operating surplus in the year before disposal of assets, FRS 102 adjustments and costs relating to staff restructuring of £949k (2023-24 an operating surplus of £916k). After FRS 102 adjustments, staff restructuring costs and disposal of assets the College had a surplus for the year of £759k (2023-24 a surplus of £899k).

The position can be summarised as follows:	2024-25	2023-24
	£000	£000
Operating Surplus before FRS102 adjustments	949	916
Disposal of Assets	(242)	(1)
Staff Restructuring Costs	(26)	(8)
Pension Scheme adjustments	78	(8)
Surplus for the year after disposals and FRS102 adjustments	759	899

The College continues to have positive accumulated unrestricted reserves.

There has been an increase in the extent of the College's pension surplus in respect of the LGPS scheme. The surplus in the scheme has increased from £9,348k to £14,825k at the current year end. In line with the prior year, management have determined that it is not appropriate to recognise the pension asset of £14,825k in the financial statements due to the lack of certainty around any future economic benefits to the college in the form of refunds from the scheme or reductions in future contributions.

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2024-25 the FE funding bodies provided 95.3% of the Group's total income (2023-24: 94.6%).

The College has £14,560k (2023-24: £13,877k) of total net assets. Due to the unlikelihood of the assets being released, the College's defined benefit pension obligation that has been calculated to be an asset of £14,852k (2023-24: asset of £9,348k) continued to be attributed a nil value in the 24/25 accounts.

At £1,830k (2023-24: £1,446k), net cash flow from operating activities was reasonably strong. The increase from the prior year is due to working capital movements. Excluding changes to stock, debtors and creditors net cash flow was £1,601k (2023-24: £1,818k) which is used for repayment of debt and investment in the estate.

During 2009/10 with the need to fund the development of the sixth form building a £6 million facility was secured which was converted into a loan in 2013 repayable over 92 quarterly payments starting in January

2013. The loan was separated into £4 million at fixed interest and £2 million at variable interest. The College made an accelerated payment of £400k against the variable element to reduce its loan balance in the year.

The College has one subsidiary company, Delamite Limited. The principal activity of Delamite Limited is to own the technology centre (J block) within the College grounds. Any surpluses generated by the subsidiary are transferred to the College under gift aid. In the current year the accounts for Delamite Limited show a £20,699 deficit (2023-24: a deficit of £20,939).

Taxation

The majority of the College's activities do not fall to be charged to corporation tax.

FUTURE PROSPECTS

Future developments

The college has a new strategic plan for 2024-2030 which focuses on five key strategic priorities (detailed above) and which responds to the national, regional and local context. The college's accountability statement highlights its commitment to meeting the national LSIP priorities and both the strategic plan and accountability statement will inform the prioritisation of future developments and capital spend.

The college has benefitted from significant capital investment over the financial year, and there is significant further development planned over the next few years. Most notably, the college has been identified as a beneficiary of the DfE Transformation Fund and following a four-year planning phase, works commenced at the end of July 2025 and are due to complete in June 2028. This marks the beginning of a two-year build programme to demolish 3 existing blocks including A, E and in the latter phase of the project, block C. The construction of a two-storey building will provide state of the art accommodation for a range of vocational areas and house a range of cross college services including student services and the refectory.

The recent completion of the IoT extension at the CECAMM campus will enable the college to deliver higher level technical skills for employers on the island. The college led on the LSIF Health & Social project and partnered in other LSIF bids to secure high end capital equipment to support the existing and future curriculum.

Following the award of recent DfE capital grant funding (FECCA), plans are underway to remodel some of the existing blocks including G, D and F to improve the teaching and learning spaces and ultimately the student experience. A condition survey has been completed, and this report will help inform the prioritisation of future capital works across the estate. The college has also allocated capital funds under its own "invest to save" project. Phase one of this project is underway with the installation of PV solar panels across several blocks on the estate. This will support the college's future environmental and sustainability strategy.

Planned maintenance programme

The College continues to invest in site improvements through the deployment of its own capital monies. The College estates team have a priority list of estate improvements that they work through on an annual

basis, which is informed by the most recent condition survey, to ensure items of equipment, infrastructure and estate have full defect resolution.

There have been significant improvements to the estate during the year both in B block, creative and design, funded via T levels, and Q block where FECA funding was used to repurpose the hydrotherapy pool into a sensory space for students with profound and multiple learning difficulties and disabilities.

An energy efficiency capital allocation also enabled the college to introduce energy efficiency LED lighting into J block, S block, F block, D block and G block. These blocks now have 100% LED lighting.

Financial plan

The College Governors approved a financial plan in July 2025 which sets the following objectives for the period to 2027. The College's financial objectives are:

- To deliver financial outcomes in line with the FE Commissioner's benchmarks;
- To achieve Financial Health category of at least 'Good';
- To pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances;
- To generate sufficient levels of income to support the asset base of the College;
- To further improve the College's shorter-term liquidity;
- To fulfil the covenants on the College's loans and to make loan payments as they fall due; and
- To fund continued capital investment.

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

Treasury policies and objectives

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

The College uses a mixture of short-term and overnight deposits to maximise its returns on cash held and does so through highly rated banks.

Cash flows

The College's net cashflow from operating activities was £1,830k in 2024-25 (2023-24 £1,446k). This cashflow funds loan principal and interest payments together with maintaining the College's buildings and equipment asset base. The College's loan commitments were £654k in 2024-25 and the College's commitment to asset replacement from its own reserves is typically £650k per annum. The College made an accelerated payment of £400k against its variable element of its loans to reduce interest outflows and secure value for taxpayer money.

Reserves policy

The College has no formal Reserves Policy, but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. Adequate reserves are defined as three months of essential operational spend, to ensure uninterrupted services.

It is the Corporation's intention to maintain reserves over the life of the strategic plan through the generation of positive annual cash flow, and the College intends to grow its reserves to support its' financial stability, by striving to record a small surplus each year.

The FE Commissioner benchmarks for cash holdings are for colleges to always hold at least 40 days cash (rather than only at year-end) and to forecast at least that level going forward. This requires the College to hold approximately £1,900k of unrestricted cash holdings.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The College Risk Register is maintained at the Senior Leadership level and is reviewed at least termly by the Audit & Risk Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks.

Risks are prioritised using a consistent scoring system. The register is also cross referenced to the Colleges strategic plan.

The College's Internal Auditors map their annual and 3-year plan to the Risk Register and have previously been given an extended brief to ensure that systems and procedures at the College are robust enough to ensure that Governors are provided with assurance about the systems and controls in place at the College. As a fixed component of Internal Audit arrangements Risk Management was reviewed and given SUBSTANTIAL assurance by Internal Audit most recently in 2024/25.

Further, in its annual Self-Assessment process, all areas of the College are required to submit an annual risk assessment localised to their specific area which is subject to review by a panel of senior management. Risks identified here can and are escalated onto the main college risk register. In addition, the Colleges financial forecast always includes extracts from the College Risk Register related to the financial well-being of the College.

Risks are added, adjusted or removed from the register on a termly basis (or more frequently as required) informed by changes in the business and education environment and other internal and external factors deemed to be a potential issue for the College as well as strengthening of internal controls. These are well documented at the Audit & Risk Committee and a summary report arising from those Committee meetings is presented to full Corporation.

Looking ahead, the key risks to the College are achievement of maths and English qualifications by 16–19-year-olds, risk of cyber-attack and managing the impact of any unforeseen financial shocks.

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

Government funding

The College has considerable reliance on continued government funding through the further education funding agencies. In 2024-25 94.6% (2023-24: 93.2%) of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding:

- Further changes to the funding methodology for programmes of study; particularly with regard maths and English condition of funding.
- DfE qualification reform and resultant uncertainty regarding funding eligibility for established College provision; including T levels.
- Introduction of the Lifelong Learning Entitlement (LLE).
- Continued prioritisation of Apprenticeships.
- Continued devolution of the adult skills funding budget.
- Demographic change and a reduction in the 16-18 population on the Island.

This risk is mitigated in a number of ways:

- Delivering high quality student outcomes thus providing a clear choice preference for students, employers and other stakeholders.
- Considerable focus and investment are placed on maintaining and managing key relationships with the various funding bodies.
- Ensuring the College is actively engaged in and keeping abreast of sector-wide developments.
- Ensuring the College is focused and responsive to those priority sectors which will continue to benefit from public funding.
- Performance management of the business development team to target new business, new income streams as well as maintaining existing relationships.
- Strong development of advanced manufacturing and environmental sustainability to reflect Island needs, utilising excellent facilities to support provision expansion at all levels; and
- Being proactive and successful in securing diversified income through bids and projects.

Tuition fee policy

There will be continued reform to tuition fees including the Lifelong Learning Entitlement for levels 4-6 and the potential to include Advanced Learner Loans over time. There is the risk of failure to market this funding to potential students although this could be outweighed by the possibility of expanding opportunities on the Island.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students.
- Establishing a competitive pricing strategy for qualifications and/or modules and close monitoring of demand.

- Promotion of LLE and clear strong communication early in the year ensuring systems and processes are in place to support students in navigating the new systems and establishing their eligibility for funding and it being secured in a timely fashion.

Education environment

The Island continues to have an oversupply of provision; is not currently part of a devolved authority and market conditions continue to be competitive.

This risk is mitigated in a number of ways:

- Ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students
- Developing other provision including full-cost for employers, international recruitment and specialist projects to support specified island needs
- Development of new projects designed to maintain the College at the leading edge of education provision
- Provision of high-quality facilities and infrastructures aimed at ensuring a high quality and modern teaching environment
- Ensuring IAG / crucial advice and guidance is of very high quality; and
- Providing a substantial base for Higher Education (including technical modular) provision on the Island.

Maintain adequate funding of pension liabilities

The financial statements report a nil balance with respect to the Local Government Pension Scheme surplus as management have determined that it is not appropriate to recognise the pension asset of £14,825k in the financial statements due to the lack of certainty around any future economic benefits to the college in the form of refunds from the scheme or reductions in future contributions.

Qualification and Ofsted Reform

The FE landscape is subject to continual change with respect to the requirements of study programmes, the way students learn and changes to the Ofsted oversight regime. The College mitigates these risks by focusing upon delivering a high-quality offer and maintaining its awareness of sector changes.

KEY PERFORMANCE INDICATORS

The College has its own set of high-level performance indicators with targets agreed each year by the Corporation, which monitors progress termly.

The College made an operating surplus in the year of £785k (after asset disposal), before FRS102 adjustments and staff restructuring. The College made an operating surplus of £915k in the previous year.

In 2024-25 the Performance Ratio (EBITDA/education specific income) for the College is 8.7%. In 2023-24, the average GFECs ratio for EBITDA Education Specific was 5.1% compared to the Isle of Wight College 10.6%. The FE Commissioner's benchmark for the Performance Ratio is 6%.

The key financial indicators for the Isle of Wight College are monitored regularly and reported at the Corporation meeting, and are as detailed in the two-year financial forecast. These are:

Key performance indicator	Actual for 2024/25
Maintain an underlying "Good" health categorisation under the DfE financial health methodology.	DfE health grade of "Outstanding"
Maintain available reserves at the higher of 40% of income or £6 million on the I&E reserve after adding back the pensions provision and excluding revaluation reserves.	The I&E reserves (after adding back pensions and excluding revaluation reserves) at 31 July 2025 were £10,865k.
Ensure operating cash flow, after adding back interest, is greater than 125% of principal and interest paid on the College's loans.	In 2024-25 the operating cash flow was 210% of principal and interest paid on the College's loans. This includes a £400k accelerated payment on the loan.
Achieve a minimum of 35 cash days in hand but ideally over 90 days.	The cash days at 31 July 2025 were 155 days.
The total of external debt will not exceed 45% of net assets excluding deferred capital grants.	The external debt in 2024-25 was 7.4% of net assets.
Total borrowing costs shall not exceed 7% of income.	In 2024-25 this percentage was 4.65%. This includes an accelerated payment of the loan of £400k.
A historical cost surplus must be achieved two out of every three years (covenant).	A surplus has been achieved in 2024-25, 2023-24 and 2022-23.
Achieve a ratio of staff costs (including contract tuition services, excluding pensions adjustment, excluding restructuring costs) as a percentage of adjusted income (excluding franchise provision) as defined by the Finance Record of less than 65%.	In 2024-25 this ratio was 61.8%

The senior management team has a more detailed list of performance indicators which it monitors regularly and takes action where risks of under-performance are identified. Targets are agreed at all levels of the organisation and monitored appropriately.

Robust self-assessment processes, with highly detailed action plans, embed and secure effective progress towards these targets.

The College is committed to observing the importance of sector measures and indicators and use 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.

Student numbers

In 2024-25, the College enrolled 1,634 16-19 funded students compared to 1,518 in 2023-24. The College's adult education contract is profiled to be achieved and apprenticeship income is slightly higher than in 2023-24. The number of higher educations funded students on programme was 75. The College works in close collaboration with several of the island secondary schools to provide access to vocational

qualifications. The College also works with the local authority to provide bespoke part-time provision for students who are electively home educated to supplement their provision, where this is an appropriate option for them.

Student achievements

Overall student achievement rate for all qualifications all ages was 85%. College students achieve very well in relation to their prior attainment. Overall achievement rates for apprenticeships is 59%.

Curriculum developments

Curriculum delivery was focused on delivery of the Programmes of Study model. Based on individual student need, these are made up of a significant qualification, additional qualifications, enrichment, maths and English, academic tutorials and work experience/work skills. Funding is determined by the student not the qualifications that they are undertaking.

In 2024-25, enrolment onto a suitable maths and/or English qualification continued to be a condition of funding for all 16-18 students without a grade 4-9 at GCSE. Government policy dictates that all students who have achieved a D or a grade 3 must be enrolled onto a GCSE programme, enrolling students on a functional skill or alternative stepping stones qualification will not meet the condition of funding requirements. This policy has resulted in a continued high volume of enrolments for both maths and English and continues to present challenges for the College, particularly in light of the continued poor GCSE results on the Island.

The use of active dashboards and the costing model was also fundamental to the provision of more responsive data to support the local management of curriculum, and specifically attendance.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. The College endeavours to meet this target and makes a weekly payment run and pays suppliers by BACS directly to their bank accounts.

During the year the College has paid all suppliers on time where it had sufficient paperwork to do so.

Streamlined Energy and Carbon Reporting

The College is committed to reducing its carbon emissions and has taken the following measures in the year to improve energy efficiency:

- Solar panels installed to blocks S, B, L and CECAMM
- New BMS system installed into CECAMM
- New carbon reporting system PULSE through Trident utilities in place allowing real time reports to be built and assimilated throughout the year
- New A+ energy efficient gas boiler installed into G block

The College's greenhouse gas emission and energy use for the period in line with the 2019 HM Government Environmental Reporting Guidelines, the GHG Reporting Protocol – Corporate Standard and the 2025 UK Government's Conversion Factors for Company Reporting are as follows:

UK Greenhouse gas emissions and energy use data	2024-25	2023-24
Energy consumption used to calculate emissions (kWh)	2,455,721	2,519,613
<u>Scope 1 emissions in metric tonnes CO2e</u>		
Gas consumption	187.48	237.48
Owned transport	3.72	1.11
Total	191.20	238.59
<u>Scope 2 emissions in metric tonnes CO2e</u>		
Purchased electricity	300.20	278.81
<u>Scope 3 emissions in metric tonnes CO2e</u>		
Business travel in employee owned vehicles	113.10	19.46
Total gross emissions in metric tonnes CO2e	604.50	536.89
<u>Intensity ratio</u>		
Metric tonnes CO2e per member of staff	1.90	1.89

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.

Numbers of employees who were relevant period	4
FTE employee number	2.75

Percentage of time	Number of employees
0%	-
1-50%	4
51-99%	-
100%	-

Total cost of facility time	£5,130
Total pay bill	£10,284,965
Percentage of pay bill spent on facility time	0.05%
Time spent on paid trade union activities as a % of total paid facility time	90%

EQUALITY AND DIVERSITY

The Isle of Wight College respects and values the social and cultural diversity of its students, apprentices and employees by seeking to ensure that all have the opportunity to participate fully and achieve their potential irrespective of their protected characteristics as defined by the Equality Act 2010, namely:

- Age
- Disability

- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation.

In achieving this statement, the college is committed to promoting the three aims of the public sector equality duty (PSED) and has in the performance of its corporate responsibilities due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Equality Act 2010
- Advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- Foster good relations between people who share a 'protected characteristic' and people who do not share it

The college achieves the aims of the public sector equality duty by:

- Creating a learning and work environment that is free from prejudice, discrimination and any forms of harassment, bullying or victimisation
- Ensuring all policies, procedures and the design and delivery of the college services are free from discrimination and are appropriately monitored to respond to the diverse needs of all students, apprentices, employees and the wider community
- Promoting awareness of each of the Equality Act 'protected characteristics'
- Investigating any student, apprentice and staff concerns
- Promoting a culture within the college that promotes 'positive' behaviours by students, apprentices, staff and governors

The college champions diversity and inclusion by ensuring that:

- We create a visibly diverse environment which values difference and raise aspiration
- We offer flexible opportunities which meet local learning needs and enable all students to realise their potential
- We continuously review and adapt our curriculum to ensure it is inclusive and representative of diverse perspectives and experiences
- All governors and staff are clear about standards and strategies to meet diverse learner needs and are equipped to respond effectively
- We provide ongoing professional development for staff to enhance their understanding and implementation of inclusive practices.
- We offer comprehensive support services to ensure that all students and apprentices have the resources they need to succeed
- We secure the fullest participation of all students, apprentices and staff in all areas of college life and act to address under-representation
- We organise events and activities that celebrate diversity and promote cultural awareness within the college
- We actively engage with the local community to promote equality and inclusion beyond the college

- We develop and monitor a staff profile, management team and governing body which reflect the learner community
- We undertake rigorous and transparent monitoring of student, apprentice and staff performance and experience to identify and act on equality gaps
- We develop comprehensive feedback systems to capture student, apprentice, staff, governor and stakeholder perceptions of how we are doing and what we could improve
- We prioritise feedback to remain vigilant about patterns of inequality and related concerns not identified through statistical monitoring

Gender pay gap reporting

The college has a legal duty to report information on an annual basis relating to gender pay differences by 31st March for the preceding year. This duty applies to all employers with a workforce of 250 or more employees.

Gender Data reported for 2024/25 as of 31st March 2025

Quartile	# Male	# Female	Total # Gender	% Male	% Female
Upper	33	51	84	39%	61%
Upper Middle	38	46	84	45%	55%
Lower Middle	20	64	84	24%	76%
Lower	14	71	85	16%	84%

	Year ending 31 March 2025
Mean gender pay gap	3.77%
Median gender pay gap	28.3%
Mean bonus gender pay gap	0%
Median gender bonus gap	0%
Proportion of males/females receiving a bonus	0%/0%

The Isle of Wight College pays all employees equal pay for the roles undertaken regardless of gender. The College employs more females in every quartile and 68.8% of its workforce are female.

The differences in pay between males and females reflect that:

- 1) Many of the College's roles offer family friendly terms and conditions which attract more female applicants than males.
- 2) Those roles are undertaken on a part-time basis, increasing the number of staff members in the lower paid groups relative to the total number of hours worked.

The average pay per hour worked in the College for females at 31 March 2025 was £15.91 per hour compared to £15.87 for males. The average female in the College is 0.62 FTE compared to the average male being 0.76 FTE.

Ensuring equal pay arrangements at The Isle of Wight College

At the Isle of Wight College, we are committed to fostering an inclusive and equitable environment for all staff. We believe that diversity enriches our community and enhances the educational experience for all. Our commitment to equality is reflected in our policies, practices, and the support we provide our staff. We are dedicated to ensuring that all staff are paid fairly and equitably, regardless of gender, race, age, disability, sexual orientation, religion, or any other characteristics. Our pay structures are regularly reviewed to ensure compliance with the Equality Act 2010 and other relevant legislation. We provide comprehensive support to our staff to promote their wellbeing and professional development. This includes:

- Access to training and development opportunities, with regular reviews and feedback to ensure career progression and development
- Flexible working arrangements to support work life balance, with a wide range of family friendly policies and benefits, which are designed to support staff, including enhanced maternity and paternity provisions and shared parental leave.
- Confidential employee assistance program offering counselling and support services.
- On-site Nursery to further attract those individuals with young families.
- Safer Recruitment policy that encourages equal male and female representation on interview panels and for promotion opportunities
- Job evaluation to determine pay grades using an objective evaluation process agreed with our trade union representatives.

Disability statement

The college seeks to achieve the objectives set down in the Equality Act 2010:

- Accommodation Strategy:** As part of its ongoing accommodation strategy, the college updated its access audit. Experts conducted a comprehensive access audit during 2008/09, and the results have guided future capital projects aimed at improving access. This initiative continues in 2025, with plans being developed and implemented for a new build on the college estate.
- Specialist Equipment:** The college utilises a wide range of specialist equipment, including assistive and adaptive technology, online packages, and other software. Additionally, students with high needs are taught in the state-of-the-art Pathways facility, which includes a multi-sensory room and various technical and physical adaptations to support learning and skill development.
- Admissions Policy:** The admissions policy for all students is detailed in the student handbook. Appeals against decisions not to offer a place are handled under the complaints policy.
- Support for Students with Learning Difficulties and/or Disabilities:** The college has made significant investments in appointing specialist lecturers to support students with learning difficulties and/or disabilities. Numerous student support assistants are available to provide various forms of learning support. A continuous staff development program ensures the provision of high-level, appropriate support for these students.
- Specialist Programmes:** Specialist programmes are described on the college website. Achievements and destinations are monitored and subject to an annual self-assessment review process, with key data published in line with Department for Education requirements.
- Pastoral Support:** Pastoral support, including mental health and well-being services, is described in the College Student Handbook, on the college website, and as part of student induction.

Additionally, students receive the College Charter – outlining our shared values during induction. In 2025, there is the development of personal development sessions to further enhance critical skills and understanding for students.

- g) **Staff Profile Monitoring:** The college monitors staff profiles in terms of declared disabilities. All HR policies consider how to support individuals and ensure reasonable adjustments are made.

GOING CONCERN

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

The College currently has £2,975k of loans outstanding with bankers on terms negotiated in 2009. Bank loans are repayable in 92 quarterly instalments starting on 1 January 2013. £4m of the original loan is on a fixed interest rate and £2m is on base rate having transitioned from LIBOR from 31st December 2021. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

The College has considered and included the impact of the changing economic environment (i.e. inflation, interest rates, utility costs) when preparing its forecasts for the next 12 months, and remains confident that it has adequate resources to continue operating for the foreseeable future.

EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period.

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 10 December 2025 and signed on its behalf by:



Sara Weech

Chair

Date: 10 December 2025

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2024 to 31 July 2025 and up to the date of approval of the annual report and financial statements.

Governance Code

The College endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in full accordance with the guidance to colleges from the FE code of good governance ("the Code")

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2025. This opinion is based on an internal review of compliance with the Code referred to in the 2024-25 annual report of the Audit Committee and went to Corporation for approval in December.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account The Code of Good Governance for English Colleges (or other) issued by the Association of Colleges in 2023, which it formally adopted on 24 January 2024.

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below.

NAME	NO. OF COMPLETED TERMS	TOTAL COMPLETED YEARS OF SERVICE	APPOINTMENT DATE AND TERM	STATUS OF APPOINTMENT	COMMITTEES	TERM ENDS	ATTENDANCE IN 2024/25
Ant Baker	0	1 year	01/08/2023 (2 Years)	Teaching Staff Governor	Corporation Curriculum & Quality (Member) from 09/10/2024	Resigned 20/12/2024	50%
Graham Barnettson	0	3 years	16/12/2021 (4 Years)	Independent Governor	Corporation (Vice Chair) from 09/10/2024 Audit & Risk (Chair) from 09/10/2024 Finance & Resources (Member) from 09/10/2024	Resigned 22/04/2025	67%
Beverley Burgess	0	2 years	18/10/2023 (2 Years) Re-appointed 18/10/2025 (2 years)	Support Staff Governor	Corporation Curriculum & Quality (Member) from 09/10/2024	17/10/2027	80%
Graham Cooper	2	8 years	18/01/2017 Re-appointed 18/01/2021 (4 years) Appointed Co-opted Member of Finance & Resources Committee 18/01/2025 (2 years)	Independent Governor (to 17/01/2025) Co-opted Member (from 18/01/2025)	Corporation until 17/01/2025 Finance & Resources (Member) from 09/10/2024 until 17/01/2025 (Coopted Member) from 18/01/2025	17/01/2025 as Independent Governor 17/01/2027 as Co-opted Member	100%
Ros Parker	n/a	3 years	September 2022	Principal	Corporation Curriculum & Quality (Member) from 09/10/2024 Finance & Resources (Member) from 09/10/2024	N/A	100%
Sara Weech	1	4 years	24/02/2021 (4 years) Re-appointed 24/02/2025 (4 years)	Independent Governor	Corporation (Chair) Finance & Resources (Member) from 01/08/2025 Governance, Search & Remuneration (Member) from 09/10/2024 until 31/07/2025	23/02/2029	100%

NAME	NO. OF COMPLETED TERMS	TOTAL COMPLETED YEARS OF SERVICE	APPOINTMENT DATE AND TERM	STATUS OF APPOINTMENT	COMMITTEES	TERM ENDS	ATTENDANCE IN 2024/25
Jessica Garbett	1	9 years (Current Term 4 years)	Previous term: Appointed 01/05/2012 - 30/04/2016 Re-appointed 25/05/2016 - resigned April 2017 Appointed: 01/08/2021 (4 years) Re-appointed 01/08/2025 (4 years)	Independent Governor	Corporation Audit & Risk (Chair) from 21/05/2025 Curriculum & Quality (Member) from 09/10/2024 Finance & Resources (Vice Chair) from 09/10/2024 until 31 July 2025	31/07/2029	100%
Christine Palmer	1	1 year as a Co-opted Member Current term 6 years	Feb 2018-Feb 2019 (1 Year Co-optee) 27/02/2019 (4 years) Re-appointed 27/02/2023 (2 Years)	Independent Governor	Corporation (Vice Chair until 31/07/2024) Audit & Risk (Member) from 09/10/2024 Governance, Search & Remuneration (Member) from 09/10/2024	Completed term 26/02/2025	50%
Martyn Pearl	2	9 years	Appointed 27/04/2016 (4 years) Re-appointed 27/04/2020 (4 years) Re-appointed 27/04/2026 (2 years)	Independent Governor	Corporation Audit & Risk (Vice Chair) from 09/10/2024 until 31/07/2025 Governance, Search & Remuneration (Chair) from 09/10/2024	27/04/2026	100%
Kenneth Dueck	0	2 years	13/07/2023 (4 years)	Independent Governor	Corporation Governance, Search & Remuneration (Vice Chair) from 09/10/2024 Finance & Resources (Member) from 09/10/2024	12/07/2027	100%
Angela Buckley	0	1 year	10/07/2024 (4 years) Appointed Vice Chair 21/05/2025	Independent Governor	Corporation (Vice Chair from 21/05/2025) Audit & Risk (Member) from 09/10/2024 Curriculum & Quality (Chair) from 09/10/2024	09/07/2028	100%

NAME	NO. OF COMPLETED TERMS	TOTAL COMPLETED YEARS OF SERVICE	APPOINTMENT DATE AND TERM	STATUS OF APPOINTMENT	COMMITTEES	TERM ENDS	ATTENDANCE IN 2024/25
Chris Goddard	1	2 years	Appointed as a co-optee 12/10/2022 (2 years) Re-appointed as co-optee 12/10/2024 (2 years)	Co-optee Capital Committee	Finance & Resources (Co-opted Member) from 09/10/2024	Resigned 09/10/2025	Not a member of Corporation
Raquel Morosini	2	1 year	18/10/2023 (until 31 July 2024) Re-appointed 09/10/2024 (until 31 July 2025)	Student Governor	Corporation until 31/07/2025 Curriculum & Quality (Member) from 09/10/2024 until 31/07/2025	Completed term 31/07/2025	80%
Sandie Paice	0	1 year	14/02/2024 (4 years)	Independent Governor	Corporation Curriculum & Quality (Member) from 09/10/2024 Governance, Search & Remuneration (Member) from 09/10/2024	13/02/2028	80%
Stephen Brooks	0	1 year	11/12/2024 (4 years)	Independent Governor	Corporation Audit & Risk (Vice Chair) from 01/08/2025 Governance, Search and Remuneration (Member) from 11/12/2024	10/12/2028	75%
Dr Judith Abbott	0	1 year	11/07/2024 (4 years)	Independent Governor	Corporation Audit & Risk (Member) from 09/10/2024 until 31/07/2025 Finance & Resources (Chair) from 09/10/2024 Governance, Search & Remuneration (Member) from 01/08/2025	10/07/2028	80%
Rebecca Taylor	0	1 year	11/07/2024 (4 years)	Independent Governor	Corporation Curriculum & Quality (Vice Chair) from 09/10/2024	10/07/2028	60%
Jack Jones	1	0 year	09/10/2024 (until 31 July 2025)	Student Governor	Corporation Curriculum & Quality from 09/10/2024 until 31/07/2025	Completed term 31/07/2025	100%

NAME	NO. OF COMPLETED TERMS	TOTAL COMPLETED YEARS OF SERVICE	APPOINTMENT DATE AND TERM	STATUS OF APPOINTMENT	COMMITTEES	TERM ENDS	ATTENDANCE IN 2024/25
Matthew Bateman	1	1 year	09/10/2024 (until 31/07/2025) Re-appointed from 01/08/2025 until 31/07/2026	Student Governor	Corporation from 09/10/2024 Curriculum & Quality from 09/10/2024	31/07/2025	60%
David Ndzi	0	1 year	11/12/2024 (4 years)	Independent Governor	Corporation Curriculum and Quality (Member) from 11/12/2024 Finance and Resources (Vice Chair) from 01/08/2025	10/12/2028	100%
Teresa Gaudion	0	0	26/03/2025 (4 years)	Independent Governor	Corporation Curriculum and Quality (Member) from 26/03/2025	25/03/2029	100%
Dmytro Buyanov-Taylor	0	0	26/03/2025 (2 years)	Teaching Staff Governor	Corporation Curriculum and Quality (Member) from 26/03/2025	25/03/2027	100%
*Precious Israel Adeniyi	0	0	15/10/2025 (until 31/07/2026)	Student Governor	Corporation Curriculum & Quality Committee (Member) from 15/10/2025	31/07/2026	N/A
*Hephzibah Biju	0	0	15/10/2025 (until 31/07/2026)	Student Governor	Corporation Curriculum & Quality Committee (Member) from 15/10/2025	31/07/2026	N/A

* New governor appointments for 2025/26

The governance framework

It is the Corporation's responsibility to bring independent judgement to bear on issues of 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 funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation met on five occasions during the 2024-25 academic year.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the full Corporation. These committees are Audit & Risk, Curriculum & Quality, Finance & Resources, and Governance, Search & Remuneration. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Director of Governance at:

The Isle of Wight College
Medina Way
Newport
Isle of Wight, PO30 5TA

They are also available on the College Website <http://www.iwcollege.ac.uk>. The Director of Governance maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis.

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 that the roles of the Chair and Accounting Officer are separate.

Appointments to the Corporation

Any new member appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Governance, Search & Remuneration Committee, which comprises five governors and 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 normally appointed for a term of office not exceeding four years that can be extended for a further four years. Exceptionally two Governors have had this maximum period of office extended.

Corporation performance

An external governance review was undertaken by Fiona Chalk of Governance4FE from July 2023 to January 2024 with a final report approved by the Corporation in March 2024. A summary of the findings is available on the College website: <http://www.iwcollege.ac.uk>. A key recommendation of the external governance review was a revision of the governance structure to a Committee structure. This was accepted by Corporation and implemented in 2024/25. Governors play a key role in challenging the senior management to ensure that the College aims are achieved.

The Corporation considers its performance over the year at a self-assessment review, strategy day, during training and updating sessions and through annual 1 to 1 meetings with the Chair. Further assurance may sometimes be gained from external parties (Ofsted) and also close monitoring of College Performance Indicators (PI's) and a Balanced Scorecard dashboard. These indicators cover key aspects of the College's operations including teaching and learning, student outcomes and satisfaction. The PIs form a sound basis from which managers and Governors can judge performance and progress. The targets are based on the most accurate comparative data from within and outside the sector (where appropriate) and are set to be both challenging but achievable.

All new Governors are provided with an induction and are required to complete mandatory training in: Equality & Diversity, Safeguarding, Prevent, GDPR, Cybersecurity, and Sexual Harassment. This training must be re-taken at regular intervals monitored by the Governance, Search & Remuneration Committee. Governors complete individual appraisals with the Chair on an annual basis. This process includes identifying any training needs or aspirations for increased responsibility on the Corporation or its subcommittees. The Corporation completes an annual self-assessment review of its effectiveness and an action plan is produced from this process.

A strategic planning day, and Governor contact day were held for Governors during this period. In addition, twelve in-house online training resources were provided and covered the following subjects:

- Skills
- Safeguarding
- Prevent
- Governor Financial Responsibilities
- Financial Reports and Financial Health
- Risk Management
- Managing Public Money
- Approval of Statutory Accounts
- Approval of Budgets: the College Financial Forecasting Return
- Audit Committee
- Management Accounts
- Library Resources Centre induction

Governors are invited to participate in a contact day spending time in two College departments and have the opportunity to participate in learning walks/ observations. Governors also have an annual session dedicated to strategic planning. The Director of Governance monitors the relevant networks in the field and highlights networking and training opportunities to Governors. Dedicated induction and training are provided for Student Governors.

Governance, Search & Remuneration Committee

Throughout the year ending 31 July 2025, the College's Governance, Search & Remuneration Committee comprised five governors. The purpose of the Committee is to advise the Corporation on the appointment, re-appointment, and development of governors; to consider all aspects of good corporate governance; and to consider the terms, conditions, performance, and pay of the CEO/Principal, any designated senior post holders and the Director of Governance (where they are not a SPH); and to make recommendations to Corporation as appropriate.

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles in future. The Committee's terms of reference were reviewed and approved in October 2024 and July 2025.

Details of remuneration for the year ended 31 July 2025 are set out in note 7 to the financial statements.

Audit & Risk Committee

The Audit & Risk Committee comprises five members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets four times per year and provides a forum for reporting by the College's internal auditors, reporting accountants 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 reports from the main FE funding bodies as they affect the College's business.

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

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

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

The Audit & Risk Committee met four times during the 2024/25 academic year (Quorum 3). The members of the committee and their attendance records are shown below:

Committee member	Attendance
Graham Barnetson* (Chair from 09/10/2024 until 22/04/2025)	67%
Jessica Garbett (Chair from 21/05/2025)	100%
Martyn Pearl (Vice Chair from 09/10/2024 until 31/07/2025)	25%
Stephen Brooks (Vice Chair from 01/08/2025)	100%
Judith Abbott (from 09/10/2024 until 31/08/2025)	100%
Angela Buckley (from 09/10/2024)	75%
Christine Palmer (from 09/10/2024 until 26/02/2025)**	100%

* Resigned 22/04/2025

** Term ended 26/02/2025

All meetings were quorate and were minuted by the Director of Governance.

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 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 she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between the Isle of Wight College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

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 the Isle of Wight College for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

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 on-going 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 accounts. 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. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body;
- regular reviews by the governing body 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;
- robust risk management, fraud and Managing Public Money oversight;
- cybersecurity controls; and
- the adoption of formal project management disciplines, where appropriate.

The College has an internal audit service, which operates in accordance with the requirements of the DfE's College Finance 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. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit & Risk Committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College, includes an independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the Corporation

The College has a comprehensive risk register that is interrogated at three of the four Audit & Risk Committee meetings held in an academic year.

The register, which identifies risks in the key areas of Finance, Quality, Curriculum, Staff and Strategic Aims is considered in detail. The College considers its Risk Appetite, Risk Tolerance and risks before and after controls.

Risk is categorised as high, medium or low and a summary and chronology of scoring is provided in the register.

The register is monitored and updated regularly by the Director of Finance and Resources.

Control weaknesses identified

Six internal audit reports and a follow up report were undertaken during 2024-25. No significant internal control weaknesses or failures were identified by the external audit team during the 2024-25 academic year and all reviews received significant assurance.

Responsibilities under accountability agreements

The college maintains a comprehensive risk register which is monitored by the Audit & Risk Committee and reported to Corporation. This identifies many of the key risks relating to the funding agreements and contracts. The register documents the relevant controls that are in place to ensure that contractual responsibilities and obligations are met. The Corporation approve the college's proposed subcontracting on an annual basis to ensure that contracted provision is in line with the Department for Education's subcontracting policy. The college's subcontracted provision has been awarded the subcontracting standard to 31st July 2026.

There is also a funding and Individualised Learner Record (ILR) review conducted by funding specialists within RSM as part of the external audit. There was no separate internal ILR audit in 24-25. All ILR funding returns have been submitted in line with the ILR specification 2024 to 2025 data collection timetable.

The college has reviewed its policies, procedures and approval processes in line with the 2024-25 college finance handbook and its accountability agreement with DfE to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

Statement from the audit committee

The Audit & Risk Committee has advised the board of governors that the Corporation has an effective framework for governance and risk management in place. The Audit & Risk Committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit & Risk Committee in 2024-25 and up to the date of the approval of the financial statements are:

- received and interrogated the comprehensive College risk register at 4 meetings;
- required a risk management annual report;
- reviewed the risk appetite statement;
- required an Audit Code of Practice report;
- required a declaration of interests/ register of eligibility report;
- required a report on credit card usage, governor expenses, and aggregate payments to suppliers over £100k;
- required an annual policy review;
- considered and recommended for approval by Corporation, the annual College accounts;
- interrogated 6 internal audit reports and a follow up report, and required specific action where relevant;
- agreed the internal and external audit plans;
- interrogated the annual reports of the internal and external auditors;
- required annual Prevention of Fraud and Public Interest Disclosure reports including a new Anti-Fraud Policy;
- required an annual review of substantive external contracts;
- required Managing Public Money assurance reports;
- monitored implementation of audit findings action through the Audit Issues Log;
- required GDPR data breaches reports;
- required Freedom of Information and Subject Access Request reports;
- reviewed the College accounting policies;
- reviewed the Financial Regulations and Procedures;
- reviewed the FE Commissioner's recommendations with respect to Weston College and completed a self-assessment against the recommendations; and
- reviewed the performance of the internal and external audit providers; and

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors;

- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors in their external auditor's auditor findings report (management letter) and other reports.
- the regularity self-assessment questionnaire.

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit & Risk Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit & Risk 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 senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2025 meeting the Corporation carried out the annual assessment for the year ended 31 July 2025 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2025.

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

Approved by order of the members of the Corporation on 10 December 2025 and signed on its behalf by:



Sara Weech
Chair
Date: 10 December 2025



Ros Parker
Accounting Officer
Date: 10 December 2025

Statement of Regularity, Propriety and Compliance

As accounting officer of the Corporation of The Isle of Wight 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 noncompliance 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.



Ros Parker

Accounting officer

Date: 10 December 2025

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation, who act as trustees for the charitable activities of the College 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 the DfE, 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
- 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 Members' 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, 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; the work carried out by auditors does not involve consideration of these matters and, accordingly, the 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 the 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 and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 10 December 2025 and signed on its behalf by:



Sara Weech
Chair of Governors
Date: 10 December 2025

Independent Auditor's Report to the Corporation of the Isle of Wight College

Opinion

We have audited the financial statements of Isle of Wight College (the "College") and its subsidiary (the "Group") for the year ended 31 July 2025 which comprise the consolidated and college statements of comprehensive income and expenditure, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated 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 Group's and of the College's affairs as at 31 July 2025 and of the Group's and the College's surplus 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 group and 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 group's or 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Framework 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.

Responsibilities of the Corporation of Isle of Wight College

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 32-33, 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 Group's and 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 Group or 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.

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 group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and College operate in and how the group and college are complying with the legal and regulatory framework;
- 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 and the College Accounts Direction published by the Department for Education. 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 and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls, accuracy of ILR data and existence of tuition fee income 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, involving funding specialist team to review ILR data and tracing tuition fee income to supporting enrolment documents and learner existence.

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 Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 1 September 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
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

Date: 11/12/25

Consolidated and College Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2025		Year ended 31 July 2024	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	19,308	19,301	17,263	17,256
Tuition fees and education contracts	3	405	405	487	487
Other grants and contracts	4	164	164	165	165
Other income	5	229	229	203	203
Investment income	6	151	151	116	116
Total income		20,257	20,250	18,234	18,227
EXPENDITURE					
Staff costs	7	10,086	10,086	9,516	9,516
Other operating expenses	8	6,765	6,765	5,779	5,779
Depreciation	11	2,185	2,157	1,775	1,747
Interest and other finance costs	9	220	220	264	264
Total expenditure		19,256	19,228	17,334	17,306
(Deficit)/surplus before other gains and losses		1,001	1,022	900	921
Loss on disposal of assets	11	(242)	(242)	(1)	(1)
(Deficit)/Surplus before tax		759	780	899	920
Taxation	10	-	-	-	-
(Deficit)/surplus for the year		759	780	899	920
Remeasurement of net defined benefit pension liability	20	(77)	(77)	8	8
Total Comprehensive Income for the year		682	703	907	928
Represented by:					
Restricted comprehensive income		-	-	-	-
Unrestricted comprehensive income		682	703	907	928
		682	703	907	928

All items of income and expenditure relate to continuing activities.

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account £'000	Revaluation reserve £'000	Restricted reserves £'000	Total £'000
Group				
Balance at 1 August 2023	9,150	3,820	-	12,970
Surplus/(deficit) from the income and expenditure account	899	-	-	899
Other comprehensive income	8	-	-	8
Transfers between revaluation and income and expenditure reserves	62	(62)	-	-
Total comprehensive income	969	(62)	-	907
Balance at 31 July 2024	10,119	3,758	-	13,877
Surplus/(deficit) from the income and expenditure account	759	-	-	759
Other comprehensive income	(77)	-	-	(77)
Transfers between revaluation and income and expenditure reserves	62	(62)	-	-
Total comprehensive income	743	(62)	-	681
Balance at 31 July 2025	10,863	3,696	-	14,559
College				
Balance at 1 August 2023	9,150	3,820	-	12,970
Surplus/(deficit) from the income and expenditure account	920	-	-	920
Other comprehensive income	8	-	-	8
Transfers between revaluation and income and expenditure reserves	62	(62)	-	-
Impairment of Investment	(21)	-	-	(21)
Total comprehensive income	969	(62)	-	907
Balance at 31 July 2024	10,119	3,758	-	13,877
Surplus/(deficit) from the income and expenditure account	780	-	-	780
Other comprehensive income	(77)	-	-	(77)
Transfers between revaluation and income and expenditure reserves	62	(62)	-	-
Impairment of Investment	(21)	-	-	(21)
Total comprehensive income	743	(62)	-	681
Balance at 31 July 2025	10,863	3,696	-	14,559

Consolidated and College Balance Sheets as at 31 July

	Notes	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
Non-current assets					
Tangible Fixed assets	11	38,378	37,747	38,901	38,242
Investments	12	-	475	-	496
		38,378	38,222	38,901	38,738
Current assets					
Stocks		50	50	83	83
Trade and other receivables	13	353	353	1,261	1,261
Cash and cash equivalents	18	7,313	7,311	6,069	6,067
		7,716	7,714	7,413	7,411
Creditors – amounts falling due within one year	14	(5,302)	(5,285)	(5,621)	(5,605)
Net current assets		2,414	2,429	1,792	1,806
Total assets less current liabilities		40,792	40,651	40,693	40,544
Creditors – amounts falling due after more than one year	15	(26,233)	(26,092)	(26,816)	(26,667)
Provisions					
Defined benefit obligations	17	-	-	-	-
Total net assets		14,559	14,559	13,877	13,877
Unrestricted Reserves					
Income and expenditure account		10,863	10,863	10,119	10,119
Revaluation reserve		3,696	3,696	3,758	3,758
Total unrestricted reserves		14,559	14,559	13,877	13,877
Total reserves		14,559	14,559	13,877	13,877

The financial statements on pages 38 to 63 were approved and authorised for issue by the Corporation on 10 December 2025 and were signed on its behalf on that day by:



Sara Weech
Chair



Ros Parker
Accounting Officer

Consolidated Statement of Cash Flows

	Notes	2025 £'000	2024 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		759	899
Adjustment for non-cash items			
Depreciation		2,185	1,775
(Increase)/decrease in stocks		30	(26)
(Increase)/decrease in debtors		909	(614)
Increase/(decrease) in creditors due within one year		(711)	(285)
Increase/(decrease) in creditors due after one year		-	554
Pension costs less contributions payable		(77)	8
Adjustment for investing or financing activities			
Investment income		(151)	(116)
Interest payable	9	220	264
Loss on disposal of fixed assets		242	1
Deferred capital grants released		(1,576)	(1,014)
Net cash flow from operating activities		1,830	1,446
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	(1)
Investment income		151	116
Payments made to acquire fixed assets		(1,904)	(4,979)
Deferred capital grants received		2,041	3,259
		288	(1,605)
Cash flows from financing activities			
Interest paid		(220)	(264)
Repayments of amounts borrowed		(654)	(245)
		(874)	(509)
Increase / (decrease) in cash and cash equivalents in the		1,244	(669)
Cash and cash equivalents at beginning of the year	18	6,069	6,737
Cash and cash equivalents at end of the year	18	7,313	6,069

Notes to the Financial Statements

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.

General information

The IOW College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 25. The nature of the College's operations is set out in the Report of the Members.

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2024 to 2025* 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.

The consolidated financial statements are presented in sterling which is also the functional currency of the of the College. Monetary amounts in these financial statements are rounded to the nearest whole £1,000 except where otherwise indicated.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary Delamite Limited, controlled by the group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation.

In accordance with 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 Members Report. The financial position of the College, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College currently has £2,975k of loans outstanding with bankers on terms negotiated in 2009. Bank loans are repayable in 92 quarterly instalments starting on 1 January 2013. £4m of the original loan is on

a fixed interest rate and £2m is on a floating rate which on 31 March 2022 transitioned away from LIBOR to Base Rate. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared these statements on a going concern basis.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved.

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. 16-19 funding is not ordinarily subject to reconciliation and is therefore not subject to contract adjustments, however the college secured a growth award in 2024-25 which will be reconciled following R14 with an anticipated recovery of approximately £115K. The Adult Education budget is subject to reconciliation and any performance below 97% will result in a full reconciliation to the allocation value. In 2024-25, the college achieved 101% of its funding allocation and has therefore secured its full funding allocation.

Apprenticeship funding is now directed through the Digital Apprenticeship Service (DAS) and apart from a nominal 'carry in' amount for apprentices who started prior to the DAS reforms and who are still in learning, all funding is now channelled through the DAS route.

The recurrent grant from OFS represents the funding allocations 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 related conditions have been 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 the 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 model as permitted by FRS 102. Other, non-governmental, 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 which is not a discount and is recognised in the period earned.

Other income

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

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.

Agency arrangements

The College acts as an agent in the collection and payment of certain discretionary support funds and any other arrangements. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

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 and contracted out of the State Second Pension.

Teachers' Pension Scheme

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 projected unit 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.

Local Government Pension Scheme

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.

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.

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.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

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 the College expects to pay as a result of the unused entitlement.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

Freehold buildings are depreciated on a straight-line basis over their expected useful lives to the College of 50 years.

Freehold land is not depreciated as it is considered to have an infinite useful life.

The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1997, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

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. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £500 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- | | |
|--|-------------|
| • motor vehicles and general equipment | 4 – 8 years |
| • computer equipment - laptops | 5 years |
| • computer equipment - other | 7 years |
| • furniture, fixtures and fittings | 5 years |

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

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. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Inventories

Inventories are stated at the lower of their cost (using the first in first out method) and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

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.

Financial liabilities and equity

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 loans, investments and short-term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

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 by 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 exclusively to charitable purposes. Where expenditure is not applied exclusively for charitable purposes provisions for Corporation Tax are made to the extent of such amounts that are anticipated to fall due.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of the VAT charged on its inputs. Irrecoverable VAT on 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.

The College's subsidiary company is subject to corporation tax and VAT in the same way as any commercial organisation.

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
- 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.

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.

Judgements in applying accounting policies

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Determine whether there are indicators of impairment of the group'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.
- Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to be included 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 its inherent implied continuance as well as the operation of the primary and secondary contributions.

Other key sources of estimation uncertainty

- Tangible fixed assets, other than investment properties, 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.
- The present value of the Local Government Pension Scheme defined benefit liability 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 (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. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 to value the pensions liability 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 liability.

2 Funding council grants

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
Recurrent grants				
Department for Education - adult education budget	2,252	2,252	1,683	1,683
Department for Education – 16 -18	11,413	11,413	10,599	10,599
Department for Education - apprenticeships	1,571	1,571	1,503	1,503
Specific grants				
Local Authority	1,844	1,844	1,833	1,833
Teacher Pension Scheme contribution grant	434	434	326	326
Releases of government capital grants	1,576	1,569	1,014	1,006
Local Initiative Funds	0	0	9	9
HE franchised	218	218	296	296
Total	19,308	19,301	17,263	17,256

3 Tuition fees and education contracts

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
Tuition fees	405	405	487	487
Total	405	405	487	487

4 Other grants and contracts

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
Erasmus+	0	0	4	4
Turing Scheme	84	84	39	39
Other grants and contracts	80	80	122	122
Total	164	164	165	165

5 Other income

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
Catering and residences	47	47	52	52
Other income generating activities	8	8	7	7
Miscellaneous income	174	174	144	144
Total	229	229	203	203

6 Investment income	Year ended 31 July		Year ended 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Pension interest income	2	2	0	0
Other interest receivable	149	149	116	116
Total	151	151	116	116

7 Staff costs and Key Management Personnel – Group and College

The average number of persons (including key management personnel) employed by the College during the year was:

	2024-5	2023-4
	No.	No.
Teaching staff	182	162
Non-teaching staff	237	233
	419	395

Staff costs for the above persons

	2024-5	2023-4
	£'000	£'000
Wages and salaries	7,573	7,295
Social security costs	757	626
Other pension costs (including FRS102 adjustments of (£78,000) (2023-24: £8,000))	1,730	1,587
Payroll sub total	10,060	9,508
Restructuring costs - Contractual	26	8
- Non contractual	0	0
Total Staff costs	10,086	9,516

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College leadership team which comprises the Principal, Deputy Principal, Vice Principal and Assistant Principals.

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

	2024-5	2023-4
	No.	No.
The number of key management personnel including the Accounting Officer was:	5	6

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employers' national insurance but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	2024-5	2023-4	2024-5	2023-4
	No.	No.	No.	No.
£5,001 to £10,000	-	1	-	-
£30,001 to £35,000	1	-	-	-
£50,001 to £55,000	-	1	-	-
£60,001 to £65,000	1	1	-	1
£65,001 to £70,000	1	1	-	-
£90,001 to £95,000	1	1	-	-
£105,001 to £110,000	1	-	-	-
£110,001 to £115,000	-	1	-	-
	5	6	-	1

Including part time workers grossed up to full time equivalent 1 member of other staff was paid in the £60,001 to £65,000 banding in 2024.

Key management personnel compensation is made up as follows:

	2024-5	2023-4
	£'000	£'000
Salary	347	387
Benefits in kind	-	-
National insurance	47	47
	394	434
Pension contributions	74	92
Total key management personnel compensation	468	526

The above compensation includes amounts paid to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2024-5	2023-4
	£'000	£'000
Salary	106	111
Benefits in kind	-	-
	106	111
Pension contributions	23	25
	129	136

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles.

The remuneration package of key management staff, including the Principal, is subject to annual review by the Governance, Search & Remuneration Committee of the governing body who use AoC benchmarking information to provide objective guidance. In addition, the Governance, Search & Remuneration

Committee considers the annual review of the Principal conducted by the Chair and Vice Chair of Corporation, and the annual reviews of senior managers conducted by the Principal. These individual reviews consider performance against the College's overall objectives, using both qualitative and quantitative measures of performance.

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple

	2024-5	2023-4
Principal's basic salary as a multiple of the median of all staff	3.96	3.87
Principal and CEO's total remuneration as a multiple of the median of all staff	3.96	3.79

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

8 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2025	2025	2024	2024
	Group	College	College	College
	£'000	£'000	£'000	£'000
Teaching costs	1,440	1,440	1,123	1,123
Non-teaching costs	3,331	3,331	2,909	2,909
Premises costs	1,994	1,994	1,747	1,747
Total	6,765	6,765	5,779	5,779

Other operating expenses include:	2024-5	2023-4
	£'000	£'000
Auditors' remuneration:		
Financial statements audit of College*	57	53
Financial statements audit of subsidiary*	6	6
Other services provided by the financial statement auditor	21	4
Internal audit**	20	32
Hire of assets under operating leases	18	21
Profit/(loss) on disposal of non-current assets***	(242)	(1)

* includes £57k in respect of the College (2023-24 £53k)

** includes £20.2k in respect of the College (2023-24 £32.5k)

*** the loss on disposal represents the repurposing of the College's High Needs department to be able to accommodate additional High Needs learners. This involved the removal of certain assets which have been impaired to nil value rather than a sale of assets at less than carrying value.

9 Interest payable - Group and College

	2024-5 £'000	2023-4 £'000
On bank loans, overdrafts and other loans:	220	264
Total	220	264

10 Taxation - Group only

The members do not believe that the College was liable for any corporation tax arising out of its activities during either year.

11 Tangible fixed assets (Group)

	Land and buildings Freehold £'000	Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or valuation				
At 1 August 2024	49,348	10,568	2,938	62,854
Transfers from WIP	2,361	577	(2,938)	-
Additions	973	840	91	1,904
Disposals	(300)	(3,828)	-	(4,128)
At 31 July 2025	52,382	8,157	91	60,630
Depreciation				
At 1 August 2024	15,566	8,387	-	23,953
Charge for the year	1,428	757	-	2,185
Elimination in respect of disposals	(60)	(3,826)	-	(3,886)
At 31 July 2025	16,934	5,318	-	22,252
Net book value at 31 July 2025	35,447	2,840	91	38,378
Net book value at 31 July 2024	33,781	2,182	2,938	38,901

11 Tangible fixed assets (College only)

	Land and buildings Freehold £'000	Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or valuation				
At 1 August 2024	47,942	10,556	2,938	61,436
Transfers from WIP	2,361	577	(2,938)	-
Additions	973	840	91	1,904
Disposals	(300)	(3,828)	-	(4,128)
At 31 July 2025	50,976	8,145	91	59,212
Depreciation				
At 1 August 2024	14,819	8,375	-	23,195
Charge for the year	1,400	757	-	2,157
Elimination in respect of disposals	(60)	(3,826)	-	(3,886)
At 31 July 2025	16,159	5,306	-	21,465
Net book value at 31 July 2025	34,817	2,839	91	37,747
Net book value at 31 July 2024	33,122	2,182	2,938	38,242

Land and buildings were valued in 1997 at depreciated replacement cost by a firm of independent chartered surveyors.

If fixed assets had not been revalued before being deemed as cost on transition, they would have been included at the following historical cost amounts:

	£'000
Cost	nil
Aggregate depreciation based on cost	nil
Net book value based on cost	nil

12 Non-current investments

	College 2024-5 £'000	College 2023-4 £'000
Investments in subsidiary companies	1,532	1,532
Provision b/fwd	(1,036)	(1,015)
Increase in provision	(21)	(21)
Total	475	496

The College owns 100 per cent of the issued ordinary £1 shares of Delamite Limited, a company incorporated in England and Wales. The principal business activity of Delamite Limited is to own a multi-skills building within the College grounds.

13 Trade and other receivables

	Group 2024-5 £'000	College 2024-5 £'000	Group 2023-4 £'000	College 2023-4 £'000
Amounts falling due within one year:				
Trade receivables	53	53	127	127
Prepayments and accrued income	299	299	1,007	1,007
Amounts owed by the DfE	-	-	127	127
Total	353	353	1,261	1,261

14 Creditors: amounts falling due within one year

	Group 2024-5 £'000	College 2024-5 £'000	Group 2023-4 £'000	College 2023-4 £'000
Bank loans and overdrafts	266	266	245	245
Trade payables	232	232	715	715
Other taxation and social security	166	166	325	325
Accruals and deferred income	2,699	2,690	2,594	2,585
Deferred income - government capital grants	1,402	1,394	1,014	1,006
Deferred income - government revenue grants	383	383	400	400
Amounts owed to the DfE	154	154	328	328
Total	5,302	5,285	5,621	5,604

15 Creditors: amounts falling due after one year

	Group 2024-5 £'000	College 2024-5 £'000	Group 2023-4 £'000	College 2023-4 £'000
Bank loans	2,709	2,709	3,384	3,384
Deferred income - government capital grants	23,524	23,383	23,432	23,283
Total	26,233	26,092	26,816	26,667

16 Maturity of debt

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group	College	Group	College
	2024-5	2024-5	2023-4	2023-4
	£'000	£'000	£'000	£'000
In one year or less	266	266	245	245
Between one and two years	276	276	254	254
Between two and five years	907	907	830	830
In five years or more	1,526	1,526	2,300	2,300
Total	2,975	2,975	3,629	3,629

Bank loans are repayable in 92 quarterly instalments starting on 1 January 2013. £4m of the original loan is on a fixed interest rate and £2m is on a floating rate which on 31 March 2022 transitioned away from LIBOR to Base Rate. There is no security held over the assets of the College in respect of this loan.

17 Provisions

	Defined benefit Obligations	Total
	£'000	£'000
At 1 August 2024	-	-
Movement in year:		
Current service cost	782	793
Employer contributions	(858)	(811)
Past service cost	-	26
Total net interest	(2)	-
Actuarial gain	(14,774)	(9,356)
Effect of the asset ceiling	14,852	9,348
Transferred from income and expenditure account	-	-
Net liability/(asset) at 31 July 2025	-	-

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 20.

18 Consolidated analysis of changes in net funds

	At 1 August 2024	Cash flow	At 31 July 2025
	£'000	£'000	£'000
Cash in hand and at bank	6,069	1,244	7,313
Bank overdrafts	-	-	-
	<u>6,069</u>	<u>1,244</u>	<u>7,313</u>
Bank loans	(3,629)	654	(2,975)
Net debt	<u>2,440</u>	<u>1,898</u>	<u>4,338</u>

19 Capital commitments

	Group and College	
	2024-5	2023-4
	£'000	£'000
Commitments contracted for at 31 July	<u>102</u>	<u>314</u>

20 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 Wessex Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hymans Robertson LLP. Both are multi-employer defined-benefit plans.

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. Within creditors the pension contributions due for the TPS are £102k (2023-24: £96k) and for the LGPS are £96k (2023-24: £89k).

Total pension cost for the year	2024-5	2023-4
	£'000	£'000
Teacher's Pension Scheme: contributions paid	950	768
Local Government Pension Scheme:		
Contributions paid	858	811
FRS 102 charge	-	8
	<u>(78)</u>	<u>8</u>
Charge to the Statement of Comprehensive Income	780	819
Enhanced pension charge to Statement of Comprehensive Income	-	-
Total Pension Cost for Year within staff costs	<u>1,730</u>	<u>1,587</u>

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and

other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service at the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation).

As a result of the valuation, new employer contribution rates rose from 23.68% to 28.68% from April 2024. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £950k (2023-24: £768k).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the Isle of Wight Local Authority. The total contribution made for the year ended 31 July 2025 was £1,095k of which employer's contributions totalled £858k and employees' contributions totalled £237k. The agreed contribution rates for future years are 22.1% from April 2023 onwards for the college and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

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 judgment 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.

The following information is based upon a full actuarial valuation of the fund 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%	3.75%
Future pensions increase	2.75%	2.75%
Discount rate for scheme liabilities	5.80%	5.00%
Inflation assumption (CPI)	2.75%	2.75%
Commutation of pensions to lump sums	50%	50%

The Actuaries, Hymans Robertson LLP, set the pension increases assumption in line with their default Consumer Prices Index (CPI). They have adjusted the CPI assumption to reflect 9 months of observed CPI experience from September 2024 to June 2025 of 3.50%. Following adjustment, their final standard CPI assumption is 2.80% p.a. over short durations and 2.75% over medium and long durations. The actual PI order for April 2025 was 1.7%, which is lower than the pension increase rate assumption built into the obligations at the start of the accounting period.

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
	years	years
<i>Retiring today</i>		
Males	20.9	20.60
Females	24.3	24.20
<i>Retiring in 20 years</i>		
Males	21.4	21.20
Females	25.4	25.40

The College's share of the assets in the plan at the balance sheet date and the expected rates of return were:

	Long-term rate of return expected at 31 July 2025	Fair Value at 31 July 2025	Long-term rate of return expected at 31 July 2024	Fair Value at 31 July 2024
		£'000		£'000
Equities	62%	24,466	62%	22,628
Bonds	20%	7,892	22%	8,030
Property	4%	1,578	4%	1,460
Cash	14%	5,525	12%	4,380
Total fair value of plan assets		39,461		36,498
Actual return on plan assets		2		-

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

	2024-5	2023-4
	£'000	£'000
Fair value of plan assets	39,461	36,498
Present value of plan liabilities	(24,609)	(27,150)
Asset ceiling adjustment	(14,852)	(9,348)
Net pensions asset (Note 17)	-	-

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.

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

	2024-5	2023-4
	£'000	£'000
Amounts included in staff costs		
Current service cost	782	793
Past service cost	-	26
Total	782	819

Amounts included in investment income

Net interest income / (cost)	2	-
Total	2	-

Amounts recognised in Other Comprehensive Income

	2024-5	2023-4
	£'000	£'000
Return on assets excluding amounts included in net interest	1,006	1,664
Changes in demographic assumptions	(122)	54
Changes in financial assumptions	3,812	1,048
Other experience	263	(877)
Changes in the effect of the asset ceiling	(5,036)	(1,881)
Amount recognised in Other Comprehensive Income	(77)	8

Movement in net defined benefit asset during the year

	2024-5	2023-4
	£'000	£'000
Net defined benefit asset / (liability) in scheme at 1 August	-	-
Movement in year:		
Current service cost	(782)	(793)
Employer contributions	858	811
Past service cost	-	(26)
Net interest on the defined benefit liability	2	-
Actuarial gain or (loss)	14,774	9,356
Asset ceiling adjustment	(14,852)	(9,348)
Net defined benefit asset at 31 July	-	-

Asset and Liability Reconciliation

	2024-5	2023-4
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	27,150	25,982
Current service cost	782	793
Interest cost	1,358	1,314
Contributions by scheme participants	237	224
Changes in financial assumptions	(3,812)	(1,048)
Changes in demographic assumptions	122	(54)
Benefits paid	(965)	(964)
Past service cost	-	26
Other experience	(263)	877
Defined benefit obligations at end of period	24,609	27,150

	2024-5	2023-4
	£'000	£'000
Changes in fair value of plan assets		
Fair value of plan assets at start of period	36,498	33,090
Interest income	1,827	1,673
Other experience	-	-
Return on plan assets (excluding net interest on net defined benefit liability)	1,006	1,664
Employer contributions	858	811
Contributions by scheme participants	237	224
Benefits paid	(965)	(964)
Fair value of plan assets at end of period	39,461	36,498

21 Lease Obligations

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

	Group and College	
	2024-5	2023-4
	£'000	£'000
Future minimum lease payments due		
Other		
Not later than one year	18	17
Later than one year and not later than five years	54	2
Total lease payments due	72	19

22 Contingent liabilities

Land and buildings have been partly financed by exchequer funds of £1,446k. Should these assets be sold, the college may be liable, under the terms of the Financial Memorandum with the Department for Education, to surrender the proceeds.

23 Related party transactions

Due to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest.

The total expenses paid to or on behalf of the Governors during the year was £397; (2023-24: £0). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2023-24: None).

Delamite Limited - a wholly owned subsidiary of the Isle of Wight College.

During the year the intercompany account with Delamite Ltd increased by £0 (2023-24: £0) and at the balance sheet date the College was owed a balance of £1,532,227 (2023-24: £1,532,227) from Delamite Ltd.

24 Amounts disbursed as agent - Learner support funds

	2024-5	2023-4
	£'000	£'000
16-19 bursary funds	328	388
16-19 capacity and delivery bursary funds	100	0
Advance learner loans bursary	21	32
	<u>449</u>	<u>420</u>
B/fwd funds	475	395
Advance Learner Loan repaid/forgiven	(5)	(33)
Disbursed to students	(548)	(288)
Administration costs	(21)	(20)
Balance unspent as at 31 July, included in creditors	<u>350</u>	<u>475</u>

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

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 £428k and disbursed £548k from DfE 16-19 discretionary and vulnerable bursaries and FEFM funding after charging £20k for administration costs.

As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £337k, of which £0 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 £407k received from DfE, £276k disbursed to learners after charging £18k for administration costs, and total cumulative unspent funds of £453k, of which £0 was repaid to DfE.

25 Events after the reporting period

There are no events after the reporting period.

Independent Reporting Accountant's Report on Regularity

To:

The Corporation of Isle of Wight 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 1 September 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 Isle of Wight 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 Isle of Wight 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 Isle of Wight College (who are also the trustees for the purposes of charity law) are responsible for the proper conduct and financial operation of Isle of Wight 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.

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 Isle of Wight 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 Isle of Wight 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 Isle of Wight 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: 11/12/25