

# **Moulton College**

## **Group report and financial statements**

**for the year ended 31 July 2023**

## **Key Management Personnel, Board of Governors and Professional Advisors**

### **Key management personnel**

Key management personnel are defined as members of the College Senior Leadership Team and are as follows:

C Harris – Principal and CEO; Accounting Officer  
A Bruce – Chief Operating Officer  
D Aldridge – Executive Director of Human Resources  
F Williams – Vice Principal Curriculum, HE and Quality  
M Smith – Executive Director of Skills and Business Development

### **Board of Governors**

A full list of Governors is given on pages 13-15 of these financial statements.

G Hulley – Clerk to the Corporation (Left October 2023)

C Duro – Clerk to the Corporation (From October 2023)

### **Professional advisers**

**Financial statements auditor:** Beever and Struthers

One Express, 1 George Leigh Street, Manchester, M4 5DL

**Internal auditor:**

Wylie & Bisset LLP (from August 2023)

168 Bath Street, Glasgow, G2 4TP

BDO LLP (to July 2023)

Two Snowhill, Snow Hill Queensway, Birmingham, B4 6GA

**Solicitors:**

Arnold Thomson

205 Watling Street West, Towcester, Northamptonshire, NN12 6BX

Eversheds

105 Colmore Row, Birmingham, B3 3AL

**Banker:**

Santander UK plc

1 Cornwall Street, Birmingham, B3 2DX

**Farms Advisor:**

Fisher German

Innovation House, Valley Way, Market Harborough,  
Leicestershire, LE16 7PS

## **Members' Report and Financial Statements**

### **Contents**

Key Management Personnel, Board of Governors and Professional Advisors	2
Strategic report	4
Statement of Corporate Governance and Internal Control	13
Statement of Regularity, Propriety and Compliance	19
Statement of Responsibilities of the Members of the Corporation	20
Independent Auditor's Report to the Corporation of Moulton College	22
Reporting Accountant's Report on Regularity to the Corporation of Moulton College And Secretary of State for Education Acting through the Education and Skills Funding Agency (ESFA)	26
Consolidated and College Statement of Comprehensive Income and Expenditure	29
Consolidate and College Statement of Changes in Reserves	30
Consolidated Balance Sheet	32
College Balance Sheet	33
Consolidated Statement of Cash Flows	34
Notes	35

## **Strategic report**

### **Objectives and strategy**

The governing body present their annual report together with the financial statements and auditor's report for Moulton College for the year ended 31 July 2023.

### **Legal Status**

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Moulton College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011 and is not liable to Corporation Tax.

### **Mission**

The College mission as approved by its members is as follows:

*"To provide high quality education and skills development leading to talented, committed, industry focussed and career ready students".*

### **Public Benefit**

Moulton College is an exempt charity under 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 13-15.

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

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

- High-quality teaching;
- Widening participation and tackling social exclusion;
- Excellent employment record for students;
- Strong student support systems;
- Links with employers, industry and commerce;
- Links with Local Enterprise Partnerships (LEPs) and The Chamber of Commerce.

### **Objectives and achievements**

The Corporation reviewed the College's strategic plan in September 2020 and concluded on five strategic objectives:

- To achieve excellence and inspire success;
- To build credibility, relevance and value;
- To invest in our people;



## **Strategic Report** *(continued)*

- To focus on growing the College; and
- To ensure long-term financial viability.

A series of strategic aims have been devised which are supported by the setting of the annual operating plan and objectives devised and agreed by the management teams of operational areas across the College. These objectives are reviewed annually to take into account any changes in the internal and external operating environments.

For 16 – 18 year olds, the overall achievement rate was 78.4% (2022: 74.3%); for adult students 82.8% (2022: 84.8%). The overall achievement rate is 79.8% (2022: 76.8%).

### **Financial objectives**

The key objectives which underpin the aim of ensuring financial viability and sustainability are:

- Develop operational financial information to support critical business decision making and accountability;
- Achieve a satisfactory grade for financial health as defined by the ESFA in each financial year;
- Maximise growth of student numbers to meet agreed three and five year projections;
- Manage within the College's financial envelope, generate cash surpluses, meet the bank covenants;
- Seek and exploit emerging opportunities that add value and increase income to the College; and
- Review processes to optimise operational effectiveness.

### **Resources**

The College employed 293 FTE staff during the year to 31 July 2023, of whom 114 are FTE teaching staff.

The College enrolled approximately 3,376 students at the beginning of the academic year in September 2022. Student numbers include 1,848 16 to 18 year old students, 208 higher education students and 1,320 adult learners.

The College has a strong reputation locally. In its last full Ofsted inspection in November 2021 it was rated "good" for overall effectiveness. A subsequent Ofsted inspection of the Residential Provision in February 2022 also resulted in a "good" rating.

The Group has £27.3M (2022: £26.1M) of net assets including a £nil pension balance (2022: £0.7M liability) and long-term debt of £12.7M (2022: £13.5M), together with cash reserves of £3.3M (2022: £1.7M).

Tangible assets include the main college site at Moulton, which features a farm and associated estate.

Group tangible fixed asset additions in the year amounted to £0.3M (2022: £0.8M) as the College continues to invest in its campus and facilities.

## **Strategic Report (continued)**

### **Stakeholders**

The college has many stakeholders including:

- Its current, future and past students;
- Its staff and trade unions;
- The employers it works with;
- Its partner schools and universities, in particular the University of Northampton;
- The wider college community;
- The local borough council, West & North Northamptonshire Councils and the Local Enterprise Partnership.

The College is actively involved in the South East Midlands Local Enterprise Partnership (SEMLEP). The College is also an active member of the Colleges of the South East Midlands (CoSEM) Principals' group, the North and West Northamptonshire Council Local Safeguarding Boards, Landex and Association of Colleges (AoC).

Moulton seeks to maximise the opportunities available to learners studying within the county's colleges and schools, and to minimise the duplication of provision and resources.

### **Treasury policy 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 risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Moulton College has a separate Treasury Management policy in place. All borrowing requires the authorisation of the Corporation. The College had loans totalling £13.5M (2022: £14.3M) as at 31<sup>st</sup> July 2023 with Santander.

The College was in compliance with all loan covenants at 31 July 2023. Following Office for National Statistics reclassification in November 2022, the College has sought to refinance its loans with the Secretary of State for Education and Heads of Terms were agreed in January 2024.

### **Cash flows and liquidity**

The Group's cash and cash equivalents at the end of the year amounted to £3.3M (2022: £1.7M); this represents a net cash inflow of £1.6M in the year (2022: £0.6M outflow). The College's approach to borrowing and interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow.

### **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. The Group reserves include £1.2M (2022: £1.2M) held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at £24.0M (2022: £22.6M).

## **Strategic Report** *(continued)*

### **Current and future development and performance**

#### **Financial performance**

The College developed a recovery plan in response to the Financial Notice of Concern which was updated in July 2023, and this is incorporated into the overall strategic plan to ensure that all areas of the College continue to develop for the benefit of its learners.

The Group generated an operating surplus for the year of £0.26M (2022: £1.95M deficit) (College: £0.25M (2022: £1.17M deficit)).

The pension balance allocated to the college reduced to £nil.

Following transfers from reserves and actuarial pension adjustments, the Group generated a comprehensive income and expenditure surplus of £1.28M (2022: £12.0M surplus) (College: £1.28M surplus (2021: £12.7M surplus)).

Loan balances continue to fall, standing at £13.5M as at 31 July 2023 (2022: £14.3M), and equating to 58% (2022: 69%) of income.

#### **Payment performance**

It is the College's policy to pay all of its suppliers within 28 days of the end of the month in which it receives the goods or services, provided that the College is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The College does not follow any code or standard on payment practice nor is it the College's policy to agree terms of payment in advance with suppliers.

The number of days that purchases were outstanding for payment by the College at the year-end was 21 days.

#### **Student numbers**

In the year ended 31 July 2023, Moulton College has delivered activity that has produced £15.7M of funding body grants (2022: £13.5M). That funding supports some 3,275 (2022: 3,074) learners, which include approximately 1,725 (2022: 1,723) 16-18 learners and 1,342 (2022: 1,128) adults and 208 (2022: 223) HE students from a diverse range of social and educational backgrounds.

#### **Student achievements**

Overall, the College achieved a pass rate of 90.7% in 2022/23 (2022: 85.1%).

#### **Curriculum developments**

In line with ongoing changes in Government expectations for 16-18 full time learners, Moulton College provides a comprehensive range of employment opportunities and work experience which ensures we continue to perform beyond the expectations of the Study Programme.

#### **Ofsted**

The College received a full inspection in November 2021 and its performance was judged to be 'good' for overall effectiveness.

The Governing Body and Senior Leadership Team believe this grade reflects the significant progress made at the College since the previous inspection in 2019, which is also evidenced by the increase in student numbers over the past three years.

## **Strategic Report** *(continued)*

### **Future developments**

The Governing Body and Senior Leadership Team are committed to delivering a high quality of teaching provision and provide an enhanced stimulating curriculum offer that is fit for purpose and provides growth opportunities. A strategic plan has been developed that provides the basis for the future of the College as a specialist College delivering courses from entry to postgraduate level within land based, animal welfare, sport and construction.

It is envisaged that the College will work in partnership with other local and specialist Colleges and Universities for the benefit of the wider region. The College aims to be a specialist, innovative, industry-led, technical and vocational college, recognised as a market leader in supporting people to access skills and progress into the world of work.

The College returned to the RoATP in June 2022 and began to deliver apprenticeships from September 2022. It is expected that this provision will grow rapidly and is a key part of the College's growth strategy.

### **Principal risks and uncertainties**

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

Based on the strategic plan, the Senior Leadership Team undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Senior Leadership Team will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed at least annually by the Audit 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.

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. The College has a board assurance framework which identifies where assurance is provided against the management of significant risks.

The Principal, C Harris, is leaving the College in May 2024. To ensure continuity and meet the needs of a large college, the number of staff on the Senior Leadership Team was increased from 5 to 8 from January 2024.

### **1. Government funding**

The College has considerable reliance on continued government funding through the further education sector funding bodies and through the Office for Students. In the year ended 31 July 2023, 68% (2022: 65%) of the College's revenue was ultimately publicly 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.

## **Strategic Report** *(continued)*

The Government continues to review its priorities for the education and skills sector with a focus on the skills required for the UK to compete successfully in the global economy, as highlighted in the Leitch Report.

On 29th November 2022, the Office for National Statistics announced the reclassification of all English further education college corporations into the central government sector, backdated to 1st April 1993. The Department for Education has introduced a number of changes to the way that colleges' financial affairs are required to be managed which will take effect immediately. The reclassification does not alter the financial position reported in these financial statements nor the going concern basis on which they have been prepared.

The accompanying risk to the College's funding streams is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements;
- By ensuring the College is rigorous in delivering high quality education and training;
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies;
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding;
- Regular dialogue with funding bodies.

### **2. Failure to maintain the financial viability of the College**

The College's current financial health grade is "requires improvement". The College has implemented a Financial Recovery Plan which reflects a continuation of the growth trend in student numbers and associated revenues, and which allows for both an investment in maintaining the student experience whilst also servicing the £13.5m of term debt. This plan is not without risk, so such risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis;
- Regular in year budget monitoring;
- Robust financial controls;
- Exploring ongoing procurement efficiencies;
- Seeking and exploiting emerging opportunities that add value and increase income to the college;
- Ensuring the curriculum in all areas is regularly reviewed to ensure it meets the current and future needs of learners, employers and other stakeholders;
- Disposing of non-core assets that do not impact on the education provision.

### **3. Tuition Fee Policy**

The College set fee assumptions in line with the ESFA guidance. In line with the majority of other colleges, Moulton College will seek to increase tuition fees in accordance with the fee assumptions. The risk for the College is that demand falls off as fees increase. This will impact on the growth strategy of the College.



## **Strategic Report (continued)**

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
- Close monitoring of the demand for courses as prices change.

### **4. Maintain adequate funding of pension fund liabilities**

The financial statements report the share of the Local Government Pension Scheme surplus at nil value on the College's balance sheet in line with the requirements of FRS 102.

The risk of future fluctuations in value is mitigated by an agreed business plan with the Northamptonshire Local Government Pension Scheme.

## **Staff and learner involvement**

The College considers good communication with its staff to be very important and to this end has developed an intranet facility, StaffHub, which can be accessed by all staff. Social media is widely used to communicate with students, employers and other interested parties. These are complemented by subject specific newsletters that are produced periodically throughout the year, targeting specific audiences.

The College encourages staff and student involvement through membership of formal committees, including the Employee Consultation Forum (ECF), Student Voice/Experience Committees for Further and Higher Education, Further Education and Higher Education Academic Boards, Equality, Diversity and Inclusion Monitoring Group, Health & Safety Committee and Governing Body. The College has staff and student representative Board members on the Governing Body.

## **Equality**

Moulton is committed to achieving equality of opportunity for all people who work and study at the College and the Equality Policy is intended to respond to the spirit of the Equality Act 2010. The College also aims to promote all other forms and strands of equality and human rights that may be relevant to its work. The College meets its public sector equality duty under Section 149 of the Equality Act and published updated equality objectives in April 2016.

The College seeks to employ a workforce which reflects the diverse community at large, because it values the individual contributions of all people. The College treats all employees with dignity and respect and provides a working environment free from unlawful discrimination, harassment or victimisation. To this end, within the framework of the law and best employment practice, the College is committed, wherever practicable, to achieving and maintaining a workforce which broadly reflects the local community.

The College provides a suitable learning environment for the education and training of all students of varying abilities and interests and does this without creating unnecessary barriers to this provision.

## **Employment of disabled persons**

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where a disabled applicant is the most suitable

## **Strategic Report** *(continued)*

candidate for a post, due consideration is given to any reasonable adjustments which may be necessary to enable the individual to work effectively. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. Reasonable adjustments to the role or environment are considered as are opportunities for redeployment. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

The College, in particular, makes the following commitments:

- a) as part of the redevelopment of the buildings it is installing lifts, ramps, automated doors, hearing loops etc., so that eventually most of the facilities will allow access to people with a disability;
- b) there is a list of specialist equipment, large text screens, laptop computers, etc., which the College can make available for use by students;
- c) the admissions policy for all students is described in the admissions policy. Appeals against a decision not to offer a place are dealt with under the complaints policy;
- d) the College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and disabilities. There are a number of student support assistants who can provide specialist support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate in-class support for students who have learning difficulties and/or disabilities;
- e) specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format;
- f) specialist residential accommodation, supervised 24 hours a day, is provided for up to 7 students with moderate/severe learning difficulties and/or disabilities;
- g) counselling and welfare services are described in the Student Handbook;
- h) the College received a Residential inspection by Ofsted in February 2022 and its performance was judged to be 'good' for overall effectiveness.

## **Freedom of Information**

The Freedom of Information Act 2000 requires public authorities to adopt and maintain a publication scheme, which has been approved by the Information Commissioner.

The College has adopted the model publication scheme developed for the Further Education sector and is therefore committed to publishing the information it describes. The College's subsidiary companies were obliged to adopt bespoke schemes and these have been approved by the Information Commissioner.

To request information available through our publication scheme, please contact the Clerk to the Corporation.

## **Strategic Report** *(continued)*

### **Trade union facility time**

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college. The College does not have any Trade Union representation, therefore the facility time is nil.

### **Disclosure of information to auditor**

The members who held office at the date of approval of this report confirm that, so far as they are aware, there is no relevant information of which the College's auditor is 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 auditor is aware of that information.

### **Going concern**

The financial statements have been prepared on a going concern basis which the Corporation considers to be appropriate for the following reasons.

The Corporation has prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements (the going concern period) which indicate that, taking account of reasonably possible downsides, the Group and College will have sufficient funds to meet their liabilities as they fall due for that period.

The Group has total net assets of £27.3M which includes bank loans with Santander totalling £13.5M at 31 July 2023 of which £0.9M is current as at 31 July 2023.

The College was in compliance with all loan covenants at 31 July 2023. Following Office for National Statistics reclassification in November 2022, the College has sought to refinance its loans with the Secretary of State for Education and Heads of Terms were agreed in January 2024.

The Corporation has set a "cash neutral" budget for 2023/24. The number of 16 to 18 students grew again in September 2023, and the College has secured an offer of "in-year" funding if certain thresholds are met. The return to the RoATP will see an additional income stream being developed.

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

Approved by order of the members of the Corporation on 25<sup>th</sup> January 2024 and signed on its behalf by:



**D McVean**  
Chair



## 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<sup>st</sup> August 2022 to 31<sup>st</sup> July 2023 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
- iii. having due regard to the UK Corporate Governance Code 2018 ("the Code") insofar as it is applicable to the further education sector.

The College is committed to demonstrating best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

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 2023. 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 of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2016, which it formally adopted in September 2016.

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

### **The Corporation**

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

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served	Board Attendance 2022/23
D McVean (Chair)	Nov 2018	4		External	Teaching, Learning and Assessment; Search and Governance; Remuneration.	6/6
C Harris	July 2019	4	Due to Leave May 2024	Principal	Teaching, Learning and Assessment; Finance and Resources; Search and Governance.	6/6

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served	Board Attendance 2022/23
C Matts (Vice Chair)	July 2018	4		External	Finance and Resources; Search and Governance; Remuneration.	6/6
T Neville OBE	July 2011	4	Dec 2022	External	Finance and Resources; Search and Governance; Remuneration.	2/2
A Thomson	Feb 2016	4		External	Teaching, Learning and Assessment; Search and Governance; Remuneration.	6/6
M Wakeford	Nov 2018	4		External	Finance and Resources.	5/6
A Clarkson	Sept 2016	4		External	Audit; Search and Governance; Remuneration.	6/6
L Knapp	Sept 2017	4		External	Audit.	6/6
P Hawkesford	Feb 2019	4		External	Teaching, Learning and Assessment; Search and Governance.	4/6
S Ijewsky	Oct 2019	4		External	Teaching, Learning and Assessment	4/6
P Jones	Mar 2020	4	Dec 2022	External	Teaching, Learning and Assessment; Search and Governance.	0/2
P Prow	Sept 2020	4		External	Finance and Resources; Search and Governance; Remuneration.	4/6
M Knibbs	Oct 2020	4		Staff	Teaching, Learning and Assessment.	5/6
M Saeudy	July 2022	4		External	Finance and Resources.	4/5
P Burnett	July 2022	1	Aug 2022	FE Student	Teaching, Learning and Assessment.	N/A
M McArdle	July 2022	1	July 2023	HE Student	Teaching, Learning and Assessment.	1/5
K Squires	Nov 2022	4		Staff	Audit.	6/6
E Limond	March 2023	4		External	Teaching, Learning and Assessment.	2/2
A MacCaig	March 2023	4		External	Teaching, Learning and Assessment.	1/2
S Waring	March 2023	4		External	Teaching, Learning and Assessment.	1/2

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served	Board Attendance 2022/23
I Knowles/M Smith (Job share)	Nov 2022	1		FE Student	Teaching, Learning and Assessment.	4/6

The Board and its committees met during the year as follows:

Board	6
Search and Governance Committee	3
Audit Committee	3
Teaching, Learning and Assessment Committee	5
Remuneration Committee	2
Finance and Resources Committee	6

G Hulley acted as the Clerk to the Corporation until October 2023, after which the role was undertaken by C Duro.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The responsibilities of the Corporation and Principal are set out in article 3 of the College's Instrument and Articles of Government with a statement of what each may not delegate in articles 9 to 11.

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 conducts its business through a number of committees: Search and Governance, Remuneration, Teaching, Learning and Assessment, Finance and Resources and Audit. Each committee has terms of reference, which have been approved by the Corporation. Minutes of Board and Committee meetings, except those deemed to be confidential by the Corporation, are available on the College website at [www.moulton.ac.uk](http://www.moulton.ac.uk) or from the Clerk to the Corporation at the College address: Moulton College, West Street, Moulton, Northampton, NN3 7RR.

The Clerk to the Corporation 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 all have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to the 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 Principal are separate.

## **Statement of Corporate Governance and Internal Control** *(continued)*

### ***Appointments to the Corporation***

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee consisting of five members of the Corporation which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office not exceeding 4 years.

### ***Remuneration Committee***

Throughout the year ending 31 July 2023 the College's Remuneration Committee comprised six members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders. Details of remuneration for the year ended 31 July 2023 are set out in note 8 to the financial statements.

### ***Audit Committee***

The Audit Committee comprises four members of the Corporation (excluding the Principal) and a co-opted financial specialist. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal and external 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 funding bodies as they affect the College's business. The College's internal auditors review the systems of internal control in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management are responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented. The Audit Committee also advises the Corporation on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work, as well as reporting annually to the Corporation.

### ***Finance and Resources Committee***

The Finance and Resources Committee comprises five members of the Corporation, including the Principal and can have up to two co-opted members. The Committee operates in accordance with written terms of reference approved by the Corporation. The Committee meets regularly to review and monitor financial performance and advises the Corporation on the effectiveness of the College's procedures for monitoring finance and other resources.

### ***Teaching, Learning and Assessment Committee***

The Teaching, Learning and Assessment Committee comprises nine members of the Corporation and operates in accordance with written terms of reference approved by the Corporation. The Committee meets on a termly basis to review and monitor performance in all areas of activity and advises the Corporation on the effectiveness of the College's procedures for monitoring quality and standards.

## **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

### **Statement of Corporate Governance and Internal Control** *(continued)*

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 they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between Moulton College and the Education and Skills Funding Agency. They are also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal financial control.

#### ***The purpose of the system of internal control***

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

#### ***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 that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and financial statements.

#### ***The risk and control framework***

The system of internal control is based on a framework of regular management information, administration 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 Corporation;
- Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines;
- The adoption of formal project management disciplines, where appropriate.

The College employs an Internal Audit Service (IAS), which operates in accordance with requirements of the Joint Audit Code of Practice. The work of the IAS 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 Committee.

The College has produced a board assurance framework which identifies where assurance is provided against the management of significant risks.



## Statement of Corporate Governance and Internal Control (continued)

As a minimum, the IAS annually provides the Corporation with a report on internal audit activity in the College. The report includes an independent opinion on the adequacy and effectiveness of the college's system of risk management, controls and governance processes.

### Review of effectiveness

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

- The work of the IAS;
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework;
- Comments made by the College's financial statements auditors in their management letters and other reports;
- Sources of assurance as identified in the board assurance report.

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

The College has established a Risk Management Group comprising members of the Senior Leadership Team and other key individuals which considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the College Divisions and reinforced by raising risk awareness. The Principal and Senior Leadership Team and the Audit Committee receive regular reports from this committee and from the IAS, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Based on the advice of the Audit Committee and the Principal, 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 25<sup>th</sup> January 2024 and signed on its behalf by:



**D McVean**  
Chair



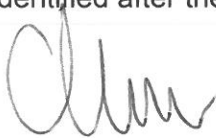
**C Harris**  
Principal

### Statement of Regularity, Propriety and Compliance

As accounting officer, I confirm that the corporation has had due regard to the framework of authorities governing regularity, priority and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the framework of authorities and the terms and conditions of funding under the corporation's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

I confirm that no instances of material irregularity, impropriety, funding noncompliance, or non-compliance with the framework of authorities have been discovered to date. If any instances are identified after the date of this statement, these will be notified to ESFA.



**C Harris**  
*Principal and Accounting Officer*  
25<sup>th</sup> January 2024

### Statement to the Chair of Governors

On behalf of the Corporation, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.



**D McVean**  
*Chair*  
25<sup>th</sup> January 2024

## **Statement of Responsibilities of the Members of the Corporation**

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

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA, the corporation – through its Accounting Officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the corporation and its surplus / deficit of income over expenditure for that period.

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 college will continue in operation.

The corporation is also required to prepare a Members' Report which 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 college 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.



**Statement of Responsibilities of the Members of the Corporation** *(continued)*

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. 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 ESFA and other public bodies are not put at risk.



**D McVean**  
*Chair of Governors*

## **Independent Auditor's Report to the Corporation of Moulton College**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Moulton College (the "College") and its subsidiaries (the "Group") for the year ended 31 July 2023 which comprise the Consolidated and College statement of comprehensive income, the Consolidated and College balance sheet, the Consolidated and College statement 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2023 and of the Group's and College's income and expenditure, gains and losses, and changes in reserves and cash flows, 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 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency, and the Accounts Direction, for accounting periods beginning on or after 1 August 2019, issued by the Office for Students.

#### **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 the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Corporation's 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 Corporation 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 Corporation is 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.

## **Independent Auditor's Report to the Corporation of Moulton College (continued)**

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.

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

We are required to report on the following matters by the Office for Students' Accounts Direction. In our opinion, in all material respects:

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

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2022 to 2023 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

We are also required by the Office for Students' Accounts Direction to report to you where the results of our audit work indicate that the College's grant and fee income, as disclosed in Note 4 to the financial statements has been materially misstated.

We have nothing to report on this matter.

## **Responsibilities of the Corporation of Moulton College**

As explained more fully in the Statement of the Corporation Responsibilities set out on page 18, 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.

## **Independent Auditor's Report to the Corporation of Moulton College (continued)**

### **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 audit engagement team:

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

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

## **Independent Auditor's Report to the Corporation of Moulton College (continued)**

The College is also subject to many other laws and regulations where the consequences of non-compliance could have a material impact on amounts or disclosures in the financial statements, including Further and Higher Education Act 1992, Charities Act 2011, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation. We performed audit procedures to inquire of management and those charged with governance whether the College is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and inspecting funding agreements and allocations.

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 7 November 2023. 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.

*Beever and Struthers*

For and on behalf of  
BEEVER AND STRUTHERS  
One Express  
1 George Leigh Street  
Manchester  
M4 5DL

Date: 19 February 2024



## **Reporting Accountant's Report on Regularity to the Corporation of Moulton College and Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA)**

In accordance with the terms of our engagement letter dated 7<sup>th</sup> November 2023 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement 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 Moulton College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("the Code") issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA or devolved authority has other assurance arrangements in place.

This report is made solely to the Corporation of Moulton College and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Moulton College and the ESFA 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 Moulton College and the ESFA for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Moulton College and the reporting accountant**

The Corporation of Moulton College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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 Code. 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 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework.

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 consequently 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.

**Reporting Accountant's Report on Regularity to the Corporation of Moulton College and Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA) (continued)**

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the college's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Documenting the framework of authorities which govern the activities of the Corporation;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing a sample of transactions with related parties;
- Confirming through enquiry and sample testing that the Corporation has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

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.

**Conclusion**

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 2022 to 31 July 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Signed:**

*Beever and Struthers*

For and on behalf of  
BEEVER AND STRUTHERS  
One Express  
1 George Leigh Street  
Manchester  
M4 5DL

**Date: 19 February 2024**

**Consolidated and College Statement of Comprehensive Income and Expenditure**  
*for the year ended 31 July 2023*

			2023		2022
	Note	Group £000	College £000	Group £000	College £000
<b>Income</b>					
Funding body grants	2	15,669	15,669	13,497	13,497
Tuition fees and education contracts	3	2,881	2,881	2,913	2,913
Other grants and contracts	4	125	125	340	340
Other income	5	4,548	4,548	3,931	4,684
Investment income	6	2	-	2	-
<b>Total income</b>		<b>23,225</b>	<b>23,223</b>	<b>20,683</b>	<b>21,434</b>
<b>Expenditure</b>					
Staff costs	7	11,615	11,615	12,742	12,733
Restructuring costs	7	18	18	-	-
Other operating expenses	9	8,890	8,890	7,947	7,933
Depreciation	13	1,679	1,679	1,652	1,652
Interest and other finance costs	10	752	752	640	640
<b>Total expenditure</b>		<b>22,954</b>	<b>22,954</b>	<b>22,981</b>	<b>22,958</b>
<b>Surplus / (Deficit) before other gains and losses</b>		<b>271</b>	<b>269</b>	<b>(2,298)</b>	<b>(1,524)</b>
Profit / (loss) on disposal of assets		(15)	(15)	353	353
<b>Surplus / (Deficit) before tax</b>		<b>256</b>	<b>254</b>	<b>(1,945)</b>	<b>(1,171)</b>
Taxation	11	-	-	-	-
<b>Surplus / (Deficit) for the year</b>	<b>12</b>	<b>256</b>	<b>254</b>	<b>(1,945)</b>	<b>(1,171)</b>
Actuarial gain in respect of pensions scheme	21	1,022	1,022	13,908	13,908
<b>Total comprehensive gain for the year</b>		<b>1,278</b>	<b>1,276</b>	<b>11,963</b>	<b>12,737</b>

The statement of comprehensive income is in respect of continuing activities.

The notes on pages 36 to 55 form part of these financial statements



**Consolidated and College statement of changes in reserves**  
*for the year ended 31 July 2023*

Group	Income & Expenditure Account £000	Revaluation reserve £000	Restricted reserves £000	Total £000
<b>Balance at 31 July 2021</b>	10,597	2,332	1,176	14,105
(Deficit) from the income and expenditure account	(1,945)	-	-	(1,945)
Other comprehensive income	13,908	-	-	13,908
Total comprehensive income for the year	11,963	-	-	11,963
Transfers between reserves	69	(69)	-	-
<b>Balance at 31 July 2022</b>	22,629	2,263	1,176	26,068
Surplus from the income and expenditure account	256	-	-	256
Other comprehensive income	1,022	-	-	1,022
Total comprehensive income for the year	1,278	-	-	1,278
Transfers between reserves	69	(69)	-	-
<b>Balance at 31 July 2023</b>	<b>23,976</b>	<b>2,194</b>	<b>1,176</b>	<b>27,346</b>

**Consolidated and College statement of changes in reserves** *(continued)*

<b>College</b>	<b>Income &amp; Expenditure Account £000</b>	<b>Revaluation reserve £000</b>	<b>Restricted reserves £000</b>	<b>Total £000</b>
<b>Balance at 31 July 2021</b>	9,722	2,332	-	12,054
(Deficit) from the income and expenditure account	(1,171)	-	-	(1,171)
Other comprehensive income	13,908	-	-	13,908
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	12,737	-	-	12,737
Transfers between reserves	69	(69)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 July 2022</b>	22,528	2,263	-	24,791
	<hr/>	<hr/>	<hr/>	<hr/>
Surplus from the income and expenditure account	254	-	-	254
Other comprehensive income	1,022	-	-	1,022
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	1,276	-	-	1,276
Transfers between reserves	69	(69)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 July 2023</b>	<b>23,873</b>	<b>2,194</b>	<b>-</b>	<b>26,067</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Consolidated balance sheet  
at 31 July 2023**

		2023	2022
	Note	£000	£000
<b>Non-current assets</b>			
Tangible fixed assets	13	38,579	39,981
Investments	14	-	-
		<u>38,579</u>	<u>39,981</u>
<b>Current assets</b>			
Stock	16	585	616
Trade and other receivables	17	393	406
Investments	15	15	15
Cash and cash equivalents		3,315	1,686
		<u>4,308</u>	<u>2,723</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(2,878)</u>	<u>(2,346)</u>
<b>Net current assets</b>		<u>1,430</u>	<u>377</u>
<b>Total assets less current liabilities</b>		<u>40,009</u>	<u>40,358</u>
<b>Creditors: amounts falling due after more than one year</b>	19	<u>(12,663)</u>	<u>(13,541)</u>
<b>Provisions</b>			
Defined benefit surplus / (obligations)	21	-	(749)
<b>Total net assets</b>		<u><u>27,346</u></u>	<u><u>26,068</u></u>
<b>Unrestricted reserves</b>			
Income and expenditure account		23,976	22,629
Revaluation reserve		2,194	2,263
<b>Total unrestricted reserves</b>		<u>26,170</u>	<u>24,892</u>
<b>Restricted reserves</b>			
Restricted reserve – endowment		1,161	1,161
Restricted reserve – non-endowment		15	15
<b>Total reserves</b>		<u><u>27,346</u></u>	<u><u>26,068</u></u>

The financial statements on pages 30 to 55 were approved by the Corporation on 25<sup>th</sup> January 2024 and were signed on its behalf by:

**D McVean**  
Chair



**C Harris**  
Principal



**College balance sheet**  
**at 31 July 2023**

		2023	2022
	Note	£000	£000
<b>Non-current assets</b>			
Tangible fixed assets	13	37,417	38,819
Investments	14	-	-
		<hr/>	<hr/>
		37,417	38,819
<b>Current assets</b>			
Stock	16	585	613
Trade and other receivables	17	404	409
Investments	15	-	-
Cash at bank and in hand		3,244	1,618
		<hr/>	<hr/>
		4,233	2,640
<b>Creditors: Amounts falling due within one year</b>	18	(2,920)	(2,378)
		<hr/>	<hr/>
<b>Net current assets</b>		1,313	262
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		38,730	39,081
<b>Creditors: Amounts falling due after more than one year</b>	19	(12,663)	(13,541)
<b>Provisions</b>			
Defined benefit obligations	21	-	(749)
		<hr/>	<hr/>
<b>Total net assets</b>		26,067	24,791
		<hr/>	<hr/>
<b>Unrestricted Reserves</b>			
Income and expenditure account		23,873	22,528
Revaluation reserve		2,194	2,263
		<hr/>	<hr/>
<b>Total reserves</b>		26,067	24,791
		<hr/>	<hr/>

The financial statements on pages 30 to 55 were approved by the Corporation on 25<sup>th</sup> January 2024 and were signed on its behalf by:

  
**D McVean**  
Chair

  
**C Harris**  
Principal

## Consolidated Statement of Cash Flows

for the year ended 31 July 2023

	2023 £000	2022 £000
<b>Cash flow from operating activities</b>		
(Deficit) for the year	256	(1,945)
<b>Adjust for non-cash items</b>		
Depreciation (note 13)	1,679	1,652
Loss / (Profit) on disposal of fixed assets	15	(353)
Decrease / (Increase) in stocks (note 16)	31	(103)
Decrease / (Increase) in debtors (note 17)	13	(82)
Increase / (Decrease) in creditors due within one year (note 18)	337	(156)
Pension costs less contributions payable (note 21)	243	1,325
Taxation (note 11)	-	-
<b>Adjustment for investing activities</b>		
Interest receivable (note 6)	-	-
Interest payable and other finance costs (note 10)	752	640
<b>Net cash flow from operating activities</b>	<b>3,326</b>	<b>978</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales of fixed assets	5	433
Investment income	-	-
Payments made to acquire fixed assets (notes 13 and 14)	(297)	(841)
<b>Net cash flow from investing activities</b>	<b>(292)</b>	<b>(408)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(636)	(420)
New loans	-	-
Repayments of amounts borrowed	(769)	(769)
<b>Net cash flow from financing activities</b>	<b>(1,405)</b>	<b>(1,189)</b>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>	<b>1,629</b>	<b>(619)</b>
Cash and cash equivalents at beginning of the year	1,686	2,305
Cash and cash equivalents at end of the year	3,315	1,686

The notes on pages 34 to 53 form part of these financial statements.

## **Notes** **(forming part of 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.

#### ***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 2022 to 2023 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.

#### ***Basis of accounting***

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

#### ***Basis of consolidation***

The consolidated financial statements of the group include the financial statements of the College and those organisations controlled by the College, together with the group's share of the profit less losses and reserves of associated undertakings. All financial statements are made up to 31 July 2023. On incorporation the College Board of Governors took over the trusteeship of The Thomas Harrison Trust, a registered charity and consequently the assets and reserves of the trust are consolidated within the group accounts. The main assets of the trust consist of land, investments and cash. The group's use of the assets of the Trust is restricted in accordance with the Trust's charitable purpose and trust deed. The reserves of the group relating to the trust are consequently described as restricted.

Under the acquisition 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.

#### ***Going concern***

The financial statements have been prepared on a going concern basis which the Corporation considers to be appropriate for the following reasons.

The Corporation has prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements (the going concern period) which indicate that, taking account of reasonably possible downsides, the Group and College will have sufficient funds to meet their liabilities as they fall due for that period.

The Group has total net assets of £27.3M which includes bank loans with Santander totalling £13.5M at 31 July 2023 of which £0.9M is current as at 31 July 2023.

The College will be refinancing its loan with the Secretary of State for Education (Heads of Terms agreed on 10 January 2024). A new loan of £13.2m will replace the existing Santander Loan Facilities.

Based on the Group's financial projections, the Group has forecast that it will continue be able to meet the terms of the new loan.

The Corporation has set a "cash neutral" budget for 2023/24. The College reports that the number of 16 to 18 students grew again in September 2023 and those apprenticeships, now in its second year, is continues to show income growth.

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

#### ***Recognition of income***

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the performance model as permitted by FRS 102.

Funding body recurrent grants represent the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement for the Adult Education Budget against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November

## **Notes** *(continued)*

### **1 Statement of accounting policies and estimation techniques** *(continued)*

following the year end. 16-18 programme funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Non recurrent grants from government sources received in respect of the acquisition of fixed assets are accounted for under the performance model and recognised within the Statement of Comprehensive Income once the performance related conditions have been met, otherwise they are held as deferred income on the balance sheet.

The recurrent grant from the Office for Students represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

Non recurrent grants from the Office for Students are recognised in line with the underlying activity to which they relate, specifically the period of study for the additional students allocated under the Fund.

Where the College receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the College does not have direct control over the future economic benefits derived from these funds. The College has applied this policy to certain funds received during the year from the funding bodies.

Grants (including capital 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.

Income from tuition fees is recognised in the period for which it is receivable and includes all fees payable by students or their sponsors.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

#### ***Agency Arrangements***

The College acts as an agent in the collection and payment of certain discretionary learner support funds. Related income received from the ESFA is included within recurrent grants (Note 2) in the income and expenditure account, with the related disbursements included in other operating expenditure (Note 9).

#### ***Accounting for post-employment benefits***

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. 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.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. 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.

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

Further details of the pension schemes are given in note 21.

#### ***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.

## **Notes** *(continued)*

### **1 Statement of accounting policies and estimation techniques** *(continued)*

#### ***Tangible fixed assets***

##### ***Land and buildings***

Land and buildings inherited from the Local Education Authority, excluding the non-domestic campus and dormitory buildings, are stated in the balance sheet at open market valuation. This is intended to mean the best price at which the freehold interest might reasonably have been expected to be sold by private treaty at the date of the valuation. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated.

Freehold buildings are depreciated over their expected useful economic life to the College of 50 years, with the exception of pre-fabricated buildings which are depreciated over 25 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1994, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

A review of 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.

##### ***Subsequent expenditure on existing fixed assets***

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account 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.

##### ***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.

##### ***Equipment***

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

Inherited equipment is depreciated on a straight line basis over its remaining useful economic life to the College of 6 years. All other equipment is depreciated over its useful economic life as follows:

General equipment	-	6 years
Fixtures and fittings	-	10 years

##### ***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.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases. The relevant assets are capitalised at their fair value (or, if lower, the present value of minimum lease payments) at the inception of the lease

and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

#### ***Investments***

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

Listed investments held as fixed assets or endowment assets are stated at market value.

Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.



## Notes *(continued)*

### 1 **Statement of accounting policies and estimation techniques** *(continued)*

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

#### **Stocks**

a) **Farm and estates**

The stocks have been valued by an independent professional valuer in accordance with the professional practices. The valuation was in accordance with the HMRC requirements. Purchased stocks, livestock, stores, growing crops and corn in store and garden centre stocks have been valued at cost. Silage has been valued at cost of production

b) **Catering**

Catering stock has been valued in house at current purchase price

c) **Retail**

Stocks and work-in-progress are valued at the lower of cost and net realisable value on a FIFO basis after making due allowance for obsolete and slow moving items

d) **Bar**

Bar stock has been valued in house at current purchase price

e) **Fuel**

Fuel stock has been valued in house at current purchase price.

#### **Maintenance of premises**

The cost of routine maintenance is charged to the income and expenditure account in the period it is incurred.

#### **Taxation**

The College meets the definition of a charitable company for UK corporation tax purposes as it is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

The College is partially exempt in respect of Value Added Tax, as its main activity is the supply of education which is an exempt supply for the purposes of VAT. Accordingly, it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on supplies and services

received is included in the related costs in the financial statements. It is also added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

As the VAT on supplies and services received exceeds the VAT on sales, VAT represents a net cost to the College.

The College's subsidiary companies are 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 and a reliable estimate can be made of the amount of the obligation.

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

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.

## Notes *(continued)*

### **1 Statement of accounting policies and estimation techniques *(continued)***

#### ***Deferred taxation***

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future calculated at the rates at which it is expected that tax will arise.

#### ***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 Group 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.

#### ***Judgements in applying accounting policies and key sources of estimation uncertainty***

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, including goodwill. 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.

#### ***Other key sources of estimation uncertainty***

- Tangible fixed assets

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.

- Local Government Pension Scheme

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 21, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. 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.

The full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by Hymans Roberston LLP, showed that the scheme has moved to an asset position, however in line with financial reporting standards (FRS 102) the LGPS scheme has not been presented as an Asset, but instead is given a zero value in the accounts.

**Notes (continued)**

**2 Funding body grants**

	<b>Group and College</b>	
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Recurrent grants</b>		
Education and Skills Funding Agency - adult	991	1,008
Education and Skills Funding Agency - 16-18	13,253	12,070
Education and Skills Funding Agency - apprenticeships	112	-
Office for Students	186	180
<b>Specific grants</b>		
Releases of government capital grants	1,127	239
<b>Total</b>	<b>15,669</b>	<b>13,497</b>

**Grant and fee income**

Income reported to the Office for Students is as follows:

	<b>Group and College</b>	
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Grant income from the Office for Students	186	180
Fee income for taught awards	1,452	1,508
	<b>1,638</b>	<b>1,688</b>

**3 Tuition fees and education contracts**

	<b>Group and College</b>	
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Adult education fees	329	288
Apprenticeship fees and contracts	12	42
Fees for HE loan supported courses	1,452	1,508
<b>Total tuition fees</b>	<b>1,793</b>	<b>1,838</b>
Education contracts	1,088	1,075
<b>Total</b>	<b>2,881</b>	<b>2,913</b>

**4 Other grants and contracts**

	<b>Group and College</b>	
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Farm Grants – Rural Payments Agency	125	340

## Notes (continued)

### 5 Other income

	2023		2022	
	Group £000	College £000	Group £000	College £000
Catering and residences	1,631	1,631	1,143	1,143
Farming activities	568	568	498	498
Other income generating activities	2,200	2,200	2,037	2,026
Coronavirus Job Retention Receipts	-	-	7	7
Miscellaneous income	149	149	246	1,010
	<u>4,548</u>	<u>4,548</u>	<u>3,931</u>	<u>4,684</u>

The College furloughed most of its commercial staff, together with some of its facilities staff, under the government's Coronavirus Job Retention Scheme. The amount claimed in the period to 31 July 2023 of £nil (2022 - £7,174) has been included in Other Income.

### 6 Investment income

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Other interest receivable	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>

### 7 Staff numbers and costs

The average number of person (including key management personnel) and Full Time Equivalent staff employed by the group during the year:

	2023 Avg No	2022 Avg No	2023 FTE	2022 FTE
Teaching staff	133	126	114	119
Non-teaching staff	241	244	179	179
	<u>374</u>	<u>370</u>	<u>293</u>	<u>298</u>

Staff costs for the above persons were as follows:

	2023		2022	
	Group £000	College £000	Group £000	College £000
Wages and salaries	8,276	8,276	8,102	8,102
Social security costs	732	732	692	692
Other pension costs (including FRS 102 (28) adjustments of £243,000 (2022: £1,325,000))	1,999	1,999	2,983	2,983
<b>Payroll sub total</b>	<u>11,007</u>	<u>11,007</u>	<u>11,777</u>	<u>11,777</u>
Temporary and Agency Staff costs	397	397	704	704
Redundancy and restructuring costs	18	18	-	-
Holiday pay accrual	211	211	261	261
	<u>11,633</u>	<u>11,633</u>	<u>12,742</u>	<u>12,742</u>

**Notes (continued)**

**8 Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and comprises of the Principal, and four members of the Senior Leadership team. During the year the number of personnel who served on the Senior Leadership Team was 5 (2022 – 7). Staff costs include compensation paid to key management personnel for loss of office. In January 2024 the college has expanded the number of staff in the Senior Leadership team by 3 to reflect increased size of the college.

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

	<b>2023 Number</b>	2022 Number
The average number of key management personnel including the Accounting Officer	5	5

The number of key management personnel who received annual emoluments, excluding employer contributions to national insurance and pensions but including benefits in kind, in the following ranges was:

	<b>2023 Key Management personnel</b>	2022 Key Management Personnel
Up to £5,000	-	1
£10,001 - £15,000	-	1
£50,001 - £55,000	-	1
£55,001 - £60,000	-	1
£60,001 - £65,000	1	-
£65,001 - £70,000	1	1
£70,001 - £75,000	1	-
£80,001 - £85,000	-	1
£85,001 - £90,000	1	-
£125,001 - £130,000	-	1
£135,001 - £140,000	1	-

The number of other staff who received emoluments greater than £60,000 was nil (2022 – nil).

Key management personnel compensation is made up as follows:

	<b>2023 £000</b>	2022 £000
Salaries	411	379
Social security costs	49	49
Benefits in kind	16	14
	<b>476</b>	442
Pension contributions	86	75
	<b>562</b>	517

## Notes (continued)

### 8 Key management personnel (continued)

The above emoluments also include amounts payable to the Accounting Officer (who is also the highest paid officer).

	<b>Total 2023 £000</b>	Total 2022 £000
Salary	<b>129</b>	125
Benefits in kind	<b>10</b>	5
	<hr/> <b>139</b>	<hr/> 130
Pension contributions	<b>30</b>	28
	<hr/> <b>169</b>	<hr/> 158

The current Principal was appointed in July 2019. The remuneration package was set based upon benchmarking of the role against regional and national comparatives and reflecting the level of experience required to fulfil the objectives of the role.

The pension contributions in respect of the Principal and key management personnel are in respect of employer's contributions to the Teachers' Pension and Local Government Pension Schemes and are paid at the same rate as for other employees.

The remuneration packages of key management personnel, including the Principal, Deputy Principal and Chief Operating Officer, are reviewed by the Remuneration Committee who use benchmarking information to provide objective guidance.

The Principal reports to the Chair of the Corporation who undertakes an annual performance review against the objectives set.

The Principal's compensation expressed as a multiple of the median pay is:

	<b>2023</b>	2022
Principal's basic salary as a multiple of the median of all other staff	<b>4.9</b>	5.0
Principal's total remuneration as a multiple of the median of all other staff	<b>5.3</b>	5.0

The median pay was calculated using the FTE of all other staff, excluding hourly paid and agency staff, both of whom have variable earnings. Any compensation for loss of office was excluded.

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. However, the College pays a Governor and Officer Liability insurance premium on their behalf.



**Notes (continued)**

**9 Other operating expenses**

	2023		2022	
	Group £000	College £000	Group £000	College £000
Teaching costs	1,462	1,462	1,343	1,343
Non-teaching costs	5,246	5,246	4,296	4,282
Premises costs	2,182	2,182	2,308	2,308
	<u>8,890</u>	<u>8,890</u>	<u>7,947</u>	<u>7,933</u>
	£000	£000	£000	£000
Other operating expenses include:				
Auditors remuneration:				
External	28	28	45	45
Internal audit	33	33	37	37
Other services from external audit	1	1	2	2
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>

**Access and participation spending**

	Group and College	
	2023 £000	2022 £000
Access investment	175	186
Financial support to students	52	63
	<u>227</u>	<u>249</u>

The full plan can be found at <https://www.moulton.ac.uk/he/policies-and-data-reports>.

**10 Interest payable**

	Group and College	
	2023 £000	2022 £000
Bank loans (note 20)	722	420
Pension finance costs (note 21)	30	220
	<u>752</u>	<u>640</u>

**11 Taxation**

	2023 £000	2022 £000
Group corporation tax for the year	-	-

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

## Notes (continued)

### 12 Surplus on continuing operations for the year

The surplus on continuing operations for the year is made up as follows:

	2023	2022
	£000	£000
College's surplus / (deficit) for the year	254	(1,171)
Adjustment to balances with group undertakings	-	(765)
Retained by group undertakings and trusts	2	(9)
	<u>256</u>	<u>(1,945)</u>

### 13 Tangible fixed assets

#### Group

	Freehold land and buildings	Assets in the course of construction	Equipment	Total
	Land £000	Buildings £000	£000	£000
<b>Cost or valuation</b>				
At 1 August 2022	1,944	55,569	11,021	68,534
Additions	-	158	139	297
Re-classification	-	-	-	-
Disposals	-	-	(60)	(60)
<b>At 31 July 2023</b>	<u>1,944</u>	<u>55,727</u>	<u>11,100</u>	<u>68,771</u>
<b>Depreciation</b>				
At 1 August 2022	-	18,856	9,697	28,553
Charge for the year	-	1,419	260	1,679
On disposals	-	-	(40)	(40)
<b>At 31 July 2023</b>	<u>-</u>	<u>20,275</u>	<u>9,917</u>	<u>30,192</u>
<b>Net book value</b>				
<b>At 31 July 2023</b>	<u>1,944</u>	<u>35,452</u>	<u>1,183</u>	<u>38,579</u>
At 31 July 2022	<u>1,944</u>	<u>36,713</u>	<u>1,324</u>	<u>39,981</u>

Land with a value of £1,161k (2022: £1,161k) is held by the Thomas Harrison Trust. The purpose of the Trust is to operate a demonstration farm, and the College has use of the land owned by the Trust provided it is used for this purpose. There is no formal lease agreement governing either the use of the land or rent payable thereon.

**Notes (continued)**

**13 Tangible fixed assets (continued)**

**College**

	<b>Freehold land and buildings</b>			
	<b>College land £000</b>	<b>Buildings £000</b>	<b>Equipment £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>				
At 1 August 2022	783	55,640	10,471	66,894
Additions	-	158	139	297
Re-classifications	-	-	-	-
Disposals	-	-	(60)	(60)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July 2023</b>	<b>783</b>	<b>55,798</b>	<b>10,550</b>	<b>67,131</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 August 2022	-	18,928	9,147	28,075
Re-classifications	-	-	-	-
Charge for the year	-	1,419	260	1,679
On disposals	-	-	(40)	(40)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July 2023</b>	<b>-</b>	<b>20,347</b>	<b>9,367</b>	<b>29,714</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
<b>At 31 July 2023</b>	<b>783</b>	<b>35,451</b>	<b>1,183</b>	<b>37,417</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2022	783	36,712	1,324	38,819
	<hr/>	<hr/>	<hr/>	<hr/>

Land and buildings, excluding the non-domestic campus and dormitory buildings, were valued for the purpose of the 1994 financial statements on an open market basis by Richard E Moore, a firm of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. The non-domestic campus and dormitory buildings have been valued at gross replacement cost. Other tangible fixed assets inherited from the local authority at incorporation have been valued by an independent valuer at open market value.

Fixed assets with a net book value of £1,657,685 have been financed from exchequer funds, through the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the financial memorandum with the Education Skills Funding Agency, to surrender the proceeds.

Land and buildings were all transferred to the College under the Further and Higher Education Act 1992.

## Notes (continued)

### 14 Non-current investments

	Group	College	Group	College
	2023	2023	2022	2022
	£000	£000	£000	£000
Non-current investments	-	-	-	-

The College is a member of the following companies limited by guarantee, incorporated in Great Britain and registered in England and Wales, the College was a subscriber at incorporation:

- Landex Land Based Colleges Aspiring to Excellence (incorporated on 3<sup>rd</sup> May 2006)
- National Land Based College (incorporated on 11<sup>th</sup> June 2015)
- Land Based Assessments Limited (incorporated on 29<sup>th</sup> September 2017)

The College holds a non-controlling interest all of these companies and therefore do not form part of the consolidation.

All transactions involving organisations where the College has a non-controlling interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Transactions in the year to 31<sup>st</sup> July 2023 with Landex were sales of £15k (2022: £nil) and purchases of £11K (2022: £9K). The amount owed to Landex at the year-end was £nil (2022: £nil).

There were no transactions and amounts owed to or by National Land Based College or Land Based Assessments Limited during or at the year end (2022: £nil).

### 15 Current asset investments

	Valuation	2023	Cost	Valuation	2022	Cost
	£000		£000	£000		£000
<b>Group</b>						
Thomas Harrison (or Moulton) Scholarship Trust:						
Investments (CCLA)	15		15	15		15

Investments are stated at their cost.

### 16 Stock

	Group	2023	College	Group	2022	College
	£000		£000	£000		£000
Farm livestock and crops	499		499	527		527
Garden Centre	-		-	-		-
Small animals	35		35	34		34
Catering, bar and retail stocks	17		17	10		7
Workshop material	30		30	32		32
Fuel stock	4		4	1		1
Stationery	-		-	12		12
	585		585	616		613

Farm and other estate activities stock has been valued by independent professional valuers, Fisher German. Farm stocks have been valued in accordance with professional practices.

**Notes (continued)**

**17 Debtors**

	2023		2022	
	Group £000	College £000	Group £000	College £000
Amounts falling due within one year:				
Trade debtors	108	108	67	67
Amounts owed by group undertakings	-	11	-	11
Other debtors	-	-	-	-
Prepayments and accrued income	285	285	339	331
	<u>393</u>	<u>404</u>	<u>406</u>	<u>409</u>

**18 Creditors: amounts falling due within one year**

	2023		2022	
	Group £000	College £000	Group £000	College £000
Bank loans and overdrafts and other loans	878	878	769	769
Trade creditors	75	75	158	158
Amounts owed to group undertakings	-	24	-	23
Other taxation and social security	357	357	351	351
Other creditors	146	146	118	118
Holiday pay accrual	211	211	261	261
Deferred income – unspent capital grants	-	-	-	-
Accruals and deferred income	774	792	609	618
Amounts owed to the funding bodies	437	437	80	80
	<u>2,878</u>	<u>2,920</u>	<u>2,346</u>	<u>2,378</u>

**19 Creditors: amounts falling due after more than one year**

	2023		2022	
	Group £000	College £000	Group £000	College £000
Bank loans and overdraft and other loans	12,663	12,663	13,541	13,541

**20 Analysis of borrowings of the College**

*Bank loans and overdrafts and other loans*

	2023		2022	
	Group £000	College £000	Group £000	College £000
Bank loans and overdrafts and other loans are repayable as follows				
Within one year	878	878	769	769
Between one and two years	1,047	1,047	878	878
Between two and five years	5,793	5,793	5,993	5,993
After five years	5,823	5,823	6,670	6,670
	<u>13,541</u>	<u>13,541</u>	<u>14,310</u>	<u>14,310</u>

## Notes (continued)

A £15M loan owing to Santander UK plc is repayable by quarterly instalments with terms until 14<sup>th</sup> February 2036. Interest rates have been set with £5M fixed until 14 May 2025 at 3.67%, plus £10M floating rate until the end of the term.

A loan of £2M owing to Santander UK plc is repayable by quarterly instalments with revised terms until 4<sup>th</sup> December 2031, at a margin of 2.75% from December 2023.

A loan of £3.5M from Santander UK plc was issued in July 2021 and is repayable in quarterly instalments, commencing July 2024, with terms until 23 July 2026 at a margin of 2.75%.

The College is refinancing its loans with the Secretary of State for Education (Heads of Terms agreed in January 2024). A new loan of £13.2m will replace the existing Santander Loan Facilities. The Loan will be repaid on an amortisation basis in line with a 25 year amortisation profile. The loan expires on 18 January 2049, at which time any outstanding balance will be repayable in full.

## 21 Defined benefit obligations

The College's employees belong to two principal post-employment pension benefit plans: the Teachers' Pension scheme (TPS) for academic and related staff and the Northamptonshire Local Government Pension Scheme (LGPS) for non-teaching staff which is managed by the West Northamptonshire Council. 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 at 31 March 2019 and of the LGPS, as at 31 March 2022.

### Total pension cost for the year

	2023	2022
	£000	£000
Teachers' pension scheme: contributions paid	866	818
LGPS:		
Contributions paid	890	840
FRS 102 (28) charge	243	1,325
	<hr/>	<hr/>
Charge to the Statements of Comprehensive Income Account (staff costs)	1,133	2,165
	<hr/>	<hr/>
<b>Total pension costs for year</b>	<b>1,999</b>	<b>2,983</b>
Pension finance costs	30	220
	<hr/>	<hr/>
<b>Total pension costs for year</b>	<b>2,029</b>	<b>3,203</b>
	<hr/> <hr/>	<hr/> <hr/>

Contributions amount to £189k (2022 £177k) were payable to the scheme and are included in creditors.

### Teachers' Pension Scheme

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 2016. The valuation report was published by the Department for Education (the Department in April 2019). The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year.



## Notes (continued)

### 21 Defined benefit obligations (continued)

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 £866k (2022: 818k).

#### Northamptonshire Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds administered by West Northamptonshire Council. The total contribution made for the year ended 31 July 2023 was £1,136k (2022: £1,076k), of which employer's contributions totalled £890k (2022: £840k) and employees' contributions totalled £246k (2022: £236k). The employee rate is variable depending on salary bands. The range during the year was 5.50% to 12.50%. These bands are set by the Government and may be revised annually.

#### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by a qualified independent actuary Hymans Robertsons LLP.

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	3.50%	3.2%
Rate of increase for pensions in payment / inflation (CPI)	3.00%	9.9%
Discount rate for liabilities	5.05%	3.5%
Commutation of pensions to lump sums	50%	50%

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 2023 years	At 31 July 2022 Years
<i>Retiring today</i>		
Males	20.3	21.7
Females	23.8	24.0
<i>Retiring in 20 years</i>		
Males	21.6	22.7
Females	25.2	25.8

The full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by Hymans Roberston LLP, showed that the scheme has moved to an asset position, however in line with financial reporting standards (FRS 102) the LGPS scheme has not been presented as an Asset, but instead is given a zero value in the accounts.

**Notes (continued)**

**21 Defined benefit obligations (continued)**

The College's share of the assets in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 July 2023 %	Value at 31 July 2023 £000	Long-term rate of return expected at 31 July 2022 %	Value at 31 July 2022 £000
Equities	3.90%	18,393	3.90%	19,779
Bonds	3.90%	7,120	3.90%	4,586
Property	3.90%	3,856	3.90%	4,013
Cash	3.90%	297	3.90%	287
<b>Total market value of assets</b>		<b>29,666</b>		<b>28,665</b>
Present value of scheme liabilities				
- Funded		(24,039)		(29,414)
<b>Surplus (Deficit) in the scheme</b>		<b>5,627</b>		<b>(749)</b>

**Analysis of the amount charged to the statement of comprehensive income:**

	2023 £000	2022 £000
<b>Amounts included in staff costs</b>		
Employer service cost (net of employee contributions)	1,133	2,165
Losses on curtailment	-	-
<b>Total operating charge</b>	<b>1,133</b>	<b>2,165</b>
<b>Amounts included in interest payable</b>		
Expected return on pension scheme assets	1,012	467
Interest on pension liabilities	(1,042)	(687)
<b>Net pension interest cost</b>	<b>(30)</b>	<b>(220)</b>

**Amounts recognised in Other Comprehensive Income**

	2023 £000	2022 £000
Actual return less expected return on pension scheme assets	(544)	(1,260)
Experience gains and losses arising on the defined benefit obligation	-	(1,614)
Changes in assumptions underlying the present value of plan liabilities	1,566	16,782
<b>Amounts recognised in Other Comprehensive Income</b>	<b>1,022</b>	<b>13,908</b>

**Notes (continued)**

**21 Defined benefit obligations (continued)**

**Movement in deficit during year**

	<b>2023</b>	2022
	<b>£000</b>	£000
Deficit in scheme at 1 August	(749)	(13,112)
Movement in year:		
Employer service cost (net of employee contributions)	(1,133)	(2,165)
Employer contributions	890	840
Losses on Curtailment	-	-
Net interest on assets	(30)	(220)
Actuarial (loss)/gain	6,649	13,908
FRS102 adjustment to derecognise Pension Asset	(5,627)	
	<hr/>	<hr/>
<b>Deficit in scheme at 31 July</b>	<b>-</b>	<b>(749)</b>
	<hr/>	<hr/>

**Asset and liability reconciliation**

	<b>2023</b>	2022
	<b>£000</b>	£000
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at the start of the period</b>	<b>29,414</b>	42,026
Service cost	1,133	2,165
Interest cost	1,042	687
Employee contributions	246	236
Actuarial loss/(gain)	(7,193)	(15,168)
Benefits paid	(603)	(532)
Losses on Curtailment	-	-
	<hr/>	<hr/>
<b>Defined benefit obligations at the end of the period</b>	<b>24,039</b>	29,414
	<hr/>	<hr/>

**Changes in fair value of plan assets**

	<b>2023</b>	2022
	<b>£000</b>	£000
<b>Fair value of plan assets at the start of the period</b>	<b>28,665</b>	28,914
Expected return on assets	1,012	467
Actuarial (loss)/gain	(544)	(1,260)
Employer contributions	890	840
Employee contributions	246	236
Benefits paid	(603)	(532)
	<hr/>	<hr/>
<b>Fair value of plan assets at the end of the period</b>	<b>29,666</b>	28,665
	<hr/>	<hr/>

Employer contributions for the year ending 31 July 2024 will be approximately £929k. The return on the Fund in market value terms for the period to 31 July 2023 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary.

**Deficit contributions**

In accordance with the 2019 triennial valuation, the College made £10,000 of deficit contributions in addition to normal funding levels in the year (2022 - £nil).

## Notes (continued)

### 22 Events after the end of the reporting period

Details of post balance sheet events are given in the Report of the Members of the Corporation.

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly since 31 July 2023, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore while both gross defined benefit obligations and assets will have fallen, it is difficult to estimate the impact of these changes on the net balance sheet position.

The existing Loan Facilities will be refinanced by the Secretary of State for Education (Heads of Terms 10 January 2024). The terms of the new loan are described in Note 20.

### 23 Capital commitments

	2023		2022	
	Group £000	College £000	Group £000	College £000
Commitments contracted for at 31 July	-	-	-	-

### 24 Financial commitments

#### Financial assets and liabilities

	2023 £000	2022 £000
Financial assets measured at amortised cost	108	67
Financial liabilities measured at amortised cost	13,762	14,586

Financial assets and liabilities reflect contractual obligations to and from the College that will be settled in cash.

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by joint ventures and associated undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors.

### 25 Contingent liabilities

There were no contingent liabilities as at 31 July 2023 (2022- £nil).

### 25 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. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Mr T Neville, who retired as a Governor in December 2022, previously held the position of Chief Operating Officer at the University of Northampton. The University validates the degree programmes offered by the College. The amount owed to the University at the year-end was £118k (2022: £82k). Transactions in the year to 31<sup>st</sup> July 2023 were sales of £nil (2022: £nil) and purchases of £239k (2022: £173k).

The total expenses paid to or on behalf of the Governors during the year was £52; one governor (2022: £nil; nil governors). 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 the group during the year (2022: None). Charity Commission consent is not necessary

**Notes** *(continued)*

for the routine reimbursement of expenses, and that this consent is only required when there is to be a remunerative element.

Transactions with the funding bodies and the Office for Students and other non-controlling interests are detailed in notes 2, 3, 9, 14, 17 and 18.