

Annual Report & Financial Statements



CONTENTS

Reference and Administrative Details	3
Strategic Report.....	5
Governance Statement.....	18
Statement of Regularity, Propriety and Compliance	29
Statement of Responsibilities of the Members of The Corporation.....	30
Independent Auditor's Report to the Corporation of Kendal College.....	32
Reporting Accountant's Assurance Report on Regularity.....	37
Statement of Comprehensive Income and Expenditure.....	39
Balance Sheet as at 31 July 2025.....	40
College Statement of Changes in Reserves.....	41
Cash Flow Statement.....	42
Notes to the Financial Statements.....	43

Reference and Administrative Details

Governing Body

Jane Barker
Neil Boggin
Kevin Boles
Aaron Bryson-Roberts (resigned 30 April 2025)
Carla Clarke (resigned 26 March 2025)
Elaine Davies
Libby De Vere (resigned 30 April 2025)
Molly Downes (appointed 22 October 2025)
Nicole Dix (resigned 30 April 2025)
Niamh Holliday (appointed 22 October 2025)
Tracy Houlden (appointed 22 October 2025)
Rachel Ireland (resigned 29 January 2025)
Kai Karahan (appointed 22 October 2025)
Sue Keenan (appointed 22 October 2025)
Andrew Lord
John Mansergh
Ben Matthews (resigned 22 October 2025)
Jane McCormick (appointed 26 March 2025 and resigned 8 July 2025)
Kelvin Nash (resigned 31 July 2025)
Mary Osmaston (co-opted up to 21 October 2025, appointed from 22 October 2025)
Richard Quinn
Mike Seaton (appointed 23 October 2024 and resigned 1 October 2025)
Jon Thedham (resigned 11 December 2024)
Robert Trimble (appointed 23 October 2024)
Rachel Tyson
Daniel Waterhouse (appointed 22 October 2025)
Michael Watts

Clerk / Company Secretary

Tamara Breeze Director of Governance

Senior Leadership Team

Kelvin Nash	Principal and CEO (up to 31 July 2025)
Jason	Principal and CEO (from 11 August 2025)
Richard Evans	Interim Principal and CEO – (7 July 2025 to 8 August 2025) Vice Principal – Education and Standards (to 6 July 2025 and from 11 August 2025)
Craig Owen	Vice Principal – Data Funding and Finance and Chief Financial Officer
Sinéad Kay	Director of Curriculum for Arts, Apprenticeships and Education
Beth Lowery	Director of Student Enterprise, Support and Services (job share)
Hilary Pezet	Director of Student Enterprise, Support and Services (maternity cover)
Gayle Salt	Director of Curriculum for STEM, Care and Academic and Professional
Tracey Scott	Director of Finance and Corporate Services (to 2 August 2024)
Vickie Williamson	Director of Student Enterprise, Support and Services (job share)

Reference and Administrative Details (continued)

Principal and Registered Office

Milnthorpe Road, Kendal, LA9 5AY

Professional Advisors

External Auditors	Armstrong Watson Audit Limited, Carlisle
Internal Auditors	ICCA Education, Training and Skills Ltd, Birmingham (to 31 July 2025) WBG Services LLP (from 1 August 2025)
Bankers	Natwest Bank, Kendal
Bankers	Lloyds Bank, Newcastle
Solicitors	Burnetts, Carlisle
Solicitors	Harrison Drury LLP, Preston

Strategic Report

Objectives and Strategy

The Governing Body presents their annual report together with the financial statements and auditor's report for Kendal College for the year ended 31 July 2025.

Introduction

Kendal College is a modern and forward-thinking further education College offering a variety of qualifications, from foundation level to higher education. Located in the town of Kendal, on the edge of the Lake District National Park, and operating across three sites: the Milnthorpe Road Campus (MRC), the Allen Arts and Media Campus (AMC) and the Westmorland Campus, the College receives over 3,000 students from a wide catchment area stretching across Cumbria, Lancashire and North Yorkshire.

Courses are delivered flexibly, by industry and academic experts, and designed to ensure students gain a full range of skills and qualifications, to enable the best possible chance of employment or progression to higher levels.

The curriculum is developed closely with the current Chamber of Commerce priorities and local skills improvement fund plans to reflect the local community and employment needs. Our travel to learn patterns encompass not only Cumbrian learners, but with approximately 20% of our learners coming from Lancashire postcodes, our curriculum planning process also ensures that we are reflecting the Lancashire skills within our curriculum offer. These Cumbrian/Lancashire priorities are reflected in our college's [Accountability Statement](#) which can be found on our college website.

The College's 2024/5 student population includes 1,503 16-to-19-year-old students, 870 apprentices, 59 higher education students and 739 funded adult learners.

Legal Status

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

Mission, Vision, Strategy & Objectives

Unlocking Potential – Transforming Lives – Creating Bright Futures

The Kendal College vision is to provide outstanding education and training opportunities that are responsive to the needs of our students and our community; all our actions will help develop our students to deliver positive economic and sustainable environmental change both now and in the future.

Strategic Report (continued)

The College's strategic plan for 2022 to 2025 is outlined within ['The Kendal Ambition'](#). Developed following consultation with a range of stakeholders, this plan identifies five core values required to achieve this vision:

- Excellence and ambition
- Respect and honesty
- Diversity and inclusion
- Loyalty and commitment
- A positive environment

As well as five strategic priorities:

- Our quality: consistently deliver a high-quality learning experience and environment, where we innovate, develop and improve our curriculum offer.
- Our reputation: further develop and grow our partnerships and engagement, helping to secure a reputation as the best education and training for our community.
- Our environment: develop the business to ensure we are bound by the highest level of ethical values and behaviours which develops the College's environment practices and awareness.
- Our future sustainability: develop the business to ensure we are resilient, future proof and financially sustainable.
- Our people: continually develop and invest in our people and teams. Supporting learners and staff to be active partners in our work.

The plan is split further into strategic targets, achievable within the duration of the plan, with annual milestones and Key Performance Indicators to be achieved each academic year; it is supported by a series of underpinning policies and strategies across areas including estates, quality, finance and curriculum.

The success of the College's performance against these is assessed through the College's quality processes, which reports through to SLT and the Governing Body.

Kendal College is currently developing its Strategic Plan for 2026–2029, building on the progress made through the 2022–2025 plan and the organisational health work undertaken during 2025. While the final strategy will be completed in mid-2026, early consultation has begun to shape an emerging direction of travel. This includes refining our purpose, values and core business, and exploring how we can strengthen our identity, improve alignment with local needs and create a more coherent and focused culture across the College.

An important area under active review is the future of the College estate. Work is underway to understand how our sites can be used more purposefully and efficiently, ensuring that buildings support modern teaching, industry engagement and an improved student experience. This early work includes examining utilisation, long-term investment requirements, environmental considerations and the potential for redesign or rationalisation where appropriate. Findings will inform the final strategy once the planning phase is complete.

Strategic Report (continued)

The College is also exploring how to strengthen financial resilience, digital capability and workforce stability over the next planning period. Early indicators suggest opportunities to streamline processes, modernise systems, and concentrate growth in curriculum areas aligned with regional skills priorities. This exploratory work will continue into 2026, with the aim of developing a strategy that is disciplined, future-focused and responsive to the needs of learners, employers and the wider community.

Resources

The College is well resourced to deliver a high-quality curriculum. All real working environments and workshops are equipped to a high standard and not only meet the needs of the curriculum but also of local employers.

Personnel

The College employs 354 people, of whom 178 are teaching staff and 47 are teaching support staff, including technicians and inclusion practitioners. Other staff employed by the College include safeguarding team members and apprenticeship facilitators as well as estates, finance, HR, catering and administrative personnel.

Financial

The College has £13.7 million (2024: £13.9 million) of net assets including £2.7 million cash (2024: £4.1 million) and £34.1 million of fixed assets (2024: £33.2 million).

Fixed assets include the freehold Milnthorpe Road Campus as well as the leasehold Allen Campus, Castle Dairy, Museum and Westmorland Campus. The Westmorland Campus was only partially occupied during the period, with a programme of capital improvement works being required to enable remaining areas to be brought into use, Levelling Up Funds have been awarded to finance these works but associated funds have yet to be received.

Reputation

Kendal College was inspected by OFSTED in October 2023 and graded as *Requires Improvement*. Following the inspection, the College implemented a series of targeted changes to strengthen its quality processes, supported by external partners including the FE Commissioner and FE Associates. To drive and monitor progress, the Corporation established a *Quality and Standards Committee*, appointed new governors with further education and quality of education expertise and oversaw the development and implementation of a comprehensive improvement plan alongside revisions to the Self-Assessment Report process and timeline.

The College received a monitoring visit from OFSTED in mid-October 2024, which concluded that leaders had strengthened quality assurance and improvement processes, achieving a clearer understanding of strengths and areas for development across the College. This work led to demonstrable improvements in teaching, learning and assessment practice, with *reasonable progress* confirmed across all of the five themes reviewed.

Strategic Report (continued)

Although this was a positive outcome, significant work remains to ensure that progress is both embedded and sustained. With the introduction of the new Education Inspection Framework, the College continues to focus on further strengthening quality and consistency so that all areas are not only improved but are fully prepared for inspection under the revised framework.

The College holds a positive reputation across the county and beyond and is an active participant in supporting the economy of Cumbria, South Lakeland and wider geographical areas. This is achieved by working alongside key stakeholders including over 500 employers, Westmorland and Furness Council, the Local Enterprise Partnership, Chamber of Commerce and the other educational establishments.

Stakeholders

The College has many stakeholders including:

- its current, future and past students;
- its staff and their trade unions including the University and College Union (UCU) and Unison;
- the employers it works with;
- professional bodies;
- local educational institutions, including secondary schools, University of Cumbria and Lancaster University as well as the wider FE community;
- local authorities and councils including the unitary authorities of Westmorland and Furness Council and Cumberland Council; Lancashire County Council and North Yorkshire Council;
- Regional Development Agencies and Local Enterprise Partnerships; and
- the Department for Education (DfE), Education and Skills Funding Authority (ESFA) and other government bodies.

The College recognises the importance of these relationships and engages significantly with key stakeholders to ensure its curriculum and facilities are fit for purpose, as recognised by OFSTED who stated that college “leaders work with employers and other stakeholders effectively to identify, understand, and contribute to meeting local and regional skills needs”.

The College has a good standing within the local community and strong links with Westmorland and Furness Council, FE Group of Colleges, South Lakes Federation of Secondary Schools, Kendal Futures and Cumbria Careers Hub.

Students and staff representatives are included on the Governing Body and learner views are gathered through the Student Council.

Further information on the College’s engagement with stakeholders is available in the [Kendal College Accountability Statement](#) on the college website.

Strategic Report (continued)

Public Benefit

Kendal 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 page 3. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to over 3,000 students, including 71 students with high needs. The College provides a high-quality teaching experience and environment, with courses delivered without charge to young people, those who are unemployed and adults taking English and maths courses.

The College continues to grow partnerships and engagement with local employers and the wider community to secure the best possible education and training for the community and during the period provided training to 865 apprentices; innovation and continuous improvement to the curriculum offer ensures that the courses delivered meet the needs of local employers. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background. The College is also committed to the development and investment in all staff, to ensure that they are active partners with the College.

Development and Performance

Financial Review

Income and expenditure

Income generated in the year to 31 July 2025 increased by £1.2 million (7.4%) compared to 2023/24, this was primarily due to an increase in the income generated from the provision of education to 16-to-18 year-olds, which rose by £0.9 million due to an increase in student numbers. Income generated from Apprenticeships also increased by £0.2 million compared to 2023-24.

The increases in income were matched by increases in both pay and non-pay costs with costs of finance rising in particular following the drawdown of the new loan facility to enable the purchase and redevelopment of the new Westmorland Campus.

Strategic Report (continued)

Overall, the College generated an operating surplus of £99k in the year to 31 July 2025. This included the following non-cash items:

- £69k of income from the service charge relating to the Local Government Pension Scheme (see note 23);
- £12k of net interest and administrative costs, recognised in relation to defined benefit pension schemes, in accordance with FRS102 (see note 23);
- £935k of Capital Grant releases;
- £1,295k depreciation and amortisation (see notes 11 and 12);
- £15k loss on disposal of assets;
- £104k of costs relating to an increase in the holiday pay accrual;
- £211k of bad debts (see note 8 for further details).

Excluding these, non-cash items, the College's operating performance was a surplus of £732k.

The College received 86% of its revenue income for 2024/25 as grants from funding bodies, with 85% coming from the Education and Skills Funding Agency.

Balance Sheet Assets and Liabilities

At 31 July 2025, the College held net current assets of £301k (2024: £478k) and net assets of £13.7 million (2024: £13.9 million), which includes a defined pension liability of £12k (2024: £15k liability).

During the year the College invested £2.3 million in tangible and intangible fixed assets (2024: £4.1 million). This included £1.6 million in relation to redevelopment works at the Westmorland Campus, £316k on building improvements and £388k on equipment and furniture to enhance student provision; these investments were funded by capital grants received from the DfE and the Local Skills Improvement Fund as well as college reserves. The College received £817k of additional capital grant funding towards condition need in June 2025 and has been awarded £2.16 million of Levelling Up Funding towards further redevelopment works at the Westmorland Campus; these balances are included within Receipts in Advance on the balance sheet.

At 31 July 2025 the College held cash and short-term investment balances of £2.7 million (2024: £4.1 million), including £135k of ring-fenced Learning Support Funds, £1.3 million of unspent capital and specialist equipment grants (subject to restrictions) and £15k of grants relating to employers. The College closely monitors cashflows and aims to continue to increase its unallocated cash balances in order to develop a contingency to meet short-term emergencies and future capital requirements.

At 31 July 2025, the College had £4.5 million of loans outstanding with third party bank Natwest (2024: £4.9 million).

Strategic Report (continued)

At 31 July 2025, the College had accumulated reserves of £13.7 million, comprising:

- £618k Revaluation Reserve (2024: £683k): this is a non-cash reserve which reflects the increase in the value of the book value of the College land and buildings when valued in 1996. The College has chosen not to adopt a policy of revaluing these properties in the future;
- £13,065k (2024: £13,182k) Unrestricted Reserves: representing the excess of income generated by the College less expenditure; and
- £12k pension liability (2024: £15k) pension asset: the pension valuation for the College has been capped as, whilst the College's share of the scheme assets exceeded its share of liabilities, this will not result in a future economic benefit. The College will continue to make pension contributions, as advised by the scheme actuary.

The Governing Body review the current and projected level of reserves on a regular basis, ensuring that it is adequate for the continued operation of the College.

Future Prospects

The College's current strategy continues to focus on both growing student numbers and improving the quality of teaching, learning and assessment. Within the strategic plan particular focus is given to growth in Adult based provision, Work Based Learning, Higher Education and A Levels. These growth areas are reflective of the skills needs of our economy (both locally and regionally) and are identified within our accountability statement.

Future Developments

To address constraints on teaching space, the College purchased the Westmorland Campus in January 2024 which is located on the first and second floors of the Westmorland Shopping Centre, in the centre of Kendal. This campus is partially occupied by KC6th, the College's A-Level department as well as the Business studies, Professional and Digital Arts faculties. A further programme of redevelopment works is required to bring into use the remaining areas of the campus, which will house the Access and Health Sciences faculties. The College has been awarded Levelling Up Funds to complete these works but is yet to receive these funds, works on the remaining Phases 5 and 6 are expected to complete during the 2025-26 academic year leading to full occupation from September 2026.

Financial Plan

The College's financial objectives are set out within the College strategy, which was approved by the Governing Body in July 2021 for the period to 2025. A revised strategy for 2026 onwards is currently in development.

Financial policies and procedures are set to enable the college to meet its financial objectives and outlined in the College's Financial Regulations, as associated policies, which are updated annually. The Financial Regulations for the year ended 31 July 2025 were approved by the Governing Body in July 2024 and the latest Financial Regulations for the year ended 31 July 2026 were approved in July 2025.

Strategic Report (continued)

Treasury Procedures and Objectives

The College has treasury management processes in place to ensure that it effectively manages its cashflows, banking, money market and capital market transactions; effectively control the risks associated with those activities and pursue optimum performance consistent with those risks. These processes are reviewed and overseen by the Governing Body.

Reserves Policy

The College recognises the importance of reserves to the financial resilience and stability of an organisation and has developed a separate reserves policy, the reserves policy applied in relation to the year to 31 July 2025 was approved by the Audit and Risk Committee in May 2023. This policy gives guidance on the minimum level of cash balances to be held to ensure that the College keeps sufficient cash to ensure that it meets ongoing and unexpected costs and is able to deal with income shortfalls resulting from enrolment reductions and government funding changes. The policy is reviewed regularly and a revised policy was approved by the Corporation in October 2025.

It is the College's intention to increase reserves, through the generation of annual operating surpluses, although increasing financial pressures have made this increasingly challenging.

Principal Risks and Uncertainties

Risk management is embedded into all the College does and it has well developed strategies for managing risks. Risk management systems, including internal control processes, are designed to protect the College's assets, reputation and financial stability and are regularly reviewed to enable the College to operate in line with best practice.

The Governing Body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

Based on the strategic plan, the College's senior management, Audit and Risk Committee and Governing Body undertake a comprehensive review of the risks to which the College is exposed and identify systems and procedures, including specific preventable actions, which should mitigate any potential impact on the College. Internal controls are then implemented, and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions.

A risk register is maintained to record the key risks, likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. The risk register has been designed using the orange book for managing public sector risk where risks are prioritised using a consistent scoring and Red, Amber, Yellow, Blue and Green rating system. The risk register is reviewed at least termly, by the Audit and Risk Committee, and more frequently when new areas of work are being undertaken or new risks come to light.

Strategic Report (continued)

The risk register looks at 11 areas of college risk with these areas being:

1. Finance
2. Strategy
3. Quality
4. Student Experience
5. Government Policy
6. People and Workforce
7. Health and Safety and Estates
8. Projects
9. Corporation and Governance
10. Technology
11. Reputation

At the time of writing our top five risks as identified within the risk register are:

1. Failure to recruit, retain and engage staff, or deterioration in industrial relations
2. Final phase of the Westmorland project cannot be completed due to lack of funds
3. Failure of IT infrastructure and cyber security
4. Failure to deliver digital transformation to enhance learner and staff experience
5. Failure to provide robust advice, guidance and progression pathways

Additional risks in relation to the Westmorland Campus project, quality of education consistency and leadership transactions are also being monitored. Not all factors are within the College's control.

Key Performance Indicators

The College's key performance indicators (KPIs), targets and results are set out below:

Key Performance Indicator	2024/25		2023/24	
	Actual	Target	Actual	Target
Student Number: 16-18-year-old headcount	1,503	1,451	1,439	1,416
Student Number: 16-18-year-old full time	1,442	1,374	1,390	1,272
Student achievement: 16-to-18-year-olds	88.2%	90.0%	85.2% (Restated)	90.0%
Student achievement: All (excluding GCSEs)	88.6%	90.0%	85.3% (Restated)	90.0%
Student attendance: Main qualification (full time)	88.5%	89.0%	87.8% (Restated)	87.0%
Student retention: 16-18 year-olds	91.9%	92.0%	92.2% (Restated)	91.0%
Student retention: 19+	93.8%	92.0%	92.5% (Restated)	92.0%
Education EBITDA as % of income	3.6%	6.67%	4.92%	9.15%
Staff costs as % of income	69.8%	69.0%	66.12%	65.92%
Operating Cash balance	£2,746k	£1,473k	£4,127k	£3,662k
Cash days in hand/liquidity (adjusted current ratio)	61	34	99	97
Borrowing as % of income	28.5%	28.0%	29.42%	30.31%
Financial Health Grade	Good	Good	Good	Good
Financial Health Score	180	210	180	240
Ofsted rating (2023)	Grade 3		Grade 3	

Strategic Report (continued)

Student Achievements

Students continue to prosper at the College, with achievements rates remaining high:

Academic Year	Achievement %
2021/22	83.4%
2022/23	84.4%
2023/24	85.5% (Restated)
2024/25	87.4%

Financial Performance

The College is committed to achieving strong financial outcomes and values the guidance provided by the ESFA in relation to best practice; Governors and management use the ESFA Financial Health Grading System, FE Commissioner Benchmarking and Financial Benchmarking Tool for Colleges to assess the College's financial performance. The current rating of "Good" is considered an appropriate outcome.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998 requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2024 to 31 July 2025, the College paid supplier invoices at least twice a month to ensure that late payment opportunities were minimised. The College incurred no late payment fees for this period.

Staff Satisfaction

Staff satisfaction surveys are carried out as per the quality calendar of events and are a vital part of the College's improvement strategy and additionally informs part of the College and staff activities that then take place throughout the year. The College takes staff welfare and feedback seriously and takes part in an annual staff satisfaction survey; the results of the staff survey is then benchmarked against 40 other colleges across the country.

In 2024/25, 141 members of staff completed the staff survey representing approximately 42% of staff across the College. The results of this year's staff survey were lower than last year's result, however, there was improvement in the staff perception of the colleges reputation and staff being aware of the college policies and processes that support their rights. The overwhelming message from a full review is clear: the people who work at Kendal College are its greatest strength. Their dedication to students, support for each other, and passion for education are core assets; while there are concerns, staff continue to express pride in their work and hope for the future. The feedback provides several critical areas where the college could improve to create a more efficient, supportive, and student-centred environment. By focusing on improving communication, staff morale, leadership, workload management, and resources, the college can foster a more positive and productive workplace that ultimately benefits both staff and students. Implementing the recommended changes will help the college move towards a more collaborative, transparent, and sustainable future.

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.

Numbers of trade union representatives employed during the year	5
FTE	3.41
FTE spent on union activities	0.29

Percentage of time	Number of employees
0%	-
1-50%	5
51-99%	0
100%	0

* The number of Union members is unknown to the College. Trade Union time is calculated on the basis of estimated membership, with 1 hour allocated to every 10 members per week, for 35 weeks.

Total cost of facility time	£16,665
Total pay bill for contracted staff	£11,338,537
Percentage of total bill on facility time	0.15%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
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Equality and Diversity

Equality

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences and in race or colour; sex; gender, including transgender/gender reassignment; age; sexual orientation; marriage or civil partnership status; maternity or paternity; disability; HIV status; nationality; ethnicity; political or religious beliefs and unrelated criminal convictions or other specific factors which could result in discrimination. We strive vigorously to remove conditions which place people at a disadvantage, and we will actively combat bigotry. The College's [Equality Policy](#) is resourced, implemented and monitored on a planned basis and published on the College's web site.

The College publishes Equality Objectives and an [Annual Equality Report](#) to ensure compliance with all relevant equality legislation including the Equality Act 2010. The objectives provide a framework for the College's response and commitment to equality, community cohesion and ensuring there is monitoring of achievement gaps for those with protected characteristics. The objectives are approved and monitored by the Governing Body and performance against these is reported in the annually published equality report. The College undertakes equality impact assessments on all new policies and procedures.

Strategic Report (continued)

Gender Pay Gap Reporting

Kendal College is required by law to publish an annual gender pay gap report. The following extract is taken from the [Gender Pay Gap Report](#) published in March 2025 for the period ended 31 March 2024, available from the College website.

	Year ending 31 March 2024
Mean gender pay gap	11.2%
Median gender pay gap	11.1%

The proportion of males and females in each quartile of the pay distribution are:

	Males No. (proportion)	Females No. (proportion)
1 - Lower quartile	17 (15.9%)	59 (29.9%)
2	18 (16.8%)	58 (29.4%)
3	27 (25.2%)	49 (24.9%)
4 – Upper quartile	45 (42.1%)	31 (15.7%)

These figures have been calculated using the standard methodologies used in the Equality Act 2010 (General Pay Gap Information) Regulations 2017.

Disability Statement

The College seeks to achieve the objectives set down in the Equality Act 2010.

The College is committed to the ethos of a disability-friendly college and will ensure that all reasonable adjustments are made to provide an assurance that disabled people are treated fairly.

Kendal College strives to adapt to meet the accessibility needs of students and staff, providing specialist equipment such as hearing loops and radio aids to meet individual's specific needs as well as a range of assistive technologies.

The College embraces the Special Educational Needs and Disability Code of Practice 2014 and the Additional Learning Support Team work hard to ensure that the principles within the SEND reforms are met across the College. A continuing programme of staff development ensures that high quality support is provided by the College's SENCOs and Learning Assistants who have learning difficulties or disabilities and adaptations are made to meet the needs of learners, as appropriate, which includes the offering of supported internships.

The College also employs a dedicated student welfare team, including a student counsellor and has developed links with a number of external bodies to provide mental health support, such as counselling services.

Strategic Report (continued)

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

Going Concern

After making appropriate enquiries, the Governing Body considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Events after the Reporting Period

There have been no reportable events up to the date of the signing of the accounts.

Disclosure of Information to Auditors

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

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



R Trimble
Chair of Governors

Governance Statement

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

Governance Code

The 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, which it formally adopted from May 2015 (including subsequent updates), and endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

In the opinion of the Governing Body, the College has complied with all the provisions of the Code, throughout the year ended 31 July 2025. This opinion is based on an external review of compliance with the Code/Governance Evaluation undertaken by Perryman, Yeadle and Associates in 2023 and a self-assessment completed in October 2025.

The Governing Body

Members of the Governing Body

The members who served on the Governing Body during the year and up to the date of signature of this report are listed on pages 19 and 20.

Name	Date of Appointment	Expiry or Resignation	Term	Status of Appointment	Committee Memberships	24/25 Attendance
Jane Barker	26/01/2023	25/01/2027	1	Staff Member	Search & Governance	75%
Neil Boggin	10/03/2020	09/03/2028	2	Independent Member	Audit & Risk (Chair) Finance & Resources Quality & Curriculum (resigned 01/05/2025) Remuneration	100%
Kevin Boles	07/07/2021	06/07/2029	2	Independent Member Vice Chair	Quality & Curriculum Remuneration Search & Governance (Chair)	100%
Aaron Bryson-Roberts	20/01/2024	30/04/2025	1	Student Member	-	40%
Carla Clarke	26/03/2024	26/03/2025	1	Independent Member Safeguarding Governor	-	-
Elaine Davies	29/03/2023	28/03/2027	1	Independent Member	Audit & Risk Finance & Resources	100%
Libby De Vere	11/12/2023	30/04/2025	1	Student Member	-	80%
Nicole Dix	11/12/2023	30/04/2025	1	Student Member	-	100%
Rachel Ireland	01/03/2024	29/01/2025	1	Independent Member	-	50%
Andrew Lord	01/12/2023	01/12/2027	1	Independent Member	Quality & Curriculum	100%
John Mansergh	07/07/2021	06/07/2029	2	Independent Member	Audit & Risk Finance & Resources (Chair) Quality & Curriculum	75%
Ben Matthews	07/07/2021	06/07/2029	2	Independent Member	Search & Governance	50%
Jane McCormick	26/03/2025	08/07/2025	1	Independent Member Safeguarding Governor	Quality & Curriculum	86%
Kelvin Nash	-	31/07/2025	-	Principal & CEO	Finance & Resources Quality & Curriculum Search & Governance	100%
Richard Quinn	01/03/2024	01/03/2028	1	Independent Member	Audit & Risk Finance & Resources	75%

Name	Date of Appointment	Expiry or Resignation	Term	Status of Appointment	Committee Memberships	Attendance in 2024/25
Mike Seaton	23/10/2024	01/10/2025	1	Independent Member Vice Chair Designate	-	75%
Jon Thedham	10/02/2016	31/12/2024	2	Independent Member Chair (to 11/12/2024)	Finance & Resources Remuneration Search & Governance	100%
Robert Trimble	23/10/2024	23/10/2028	1	Independent Member Chair Designate (to 11/12/2024) Chair (from 11/12/2024)	Finance & Resources Remuneration Search & Governance	100%
Rachel Tyson	29/03/2023	28/08/2027	1	Independent Member	-	75%
Michael Watts	29/06/2019	30/06/2027	2	Staff Governor	-	50%

Governance Statement (continued)

The Governance Framework

It is the Governing Body's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Governing Body is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters, personnel-related matters and health and safety and environmental issues. During the year to 31 July 2025, the full Governing Board met six times for Board meetings plus held one strategic planning event and one training event.

The Governing Body conducts its business through its scheduled board meetings, statutory committees and working parties. Each committee has terms of reference, which have been approved by the Governing Body. These committees are Audit and Risk, Search and Governance, Remuneration and Finance and Resources. Full minutes of all meetings, except those deemed to be confidential by the Governing Body, are available on the College's website (www.kendal.ac.uk) or from the Director of Governance, and clerk to the Corporation, at the College's registered address.

The Director of Governance maintains a register of financial and personal interests of the governors and senior managers, including a "fit and proper persons" check. The register is available for inspection at the above address.

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board and Committee meetings. Briefings are also provided on an ad hoc basis and members have access to a shared online platform where further reading materials are deposited.

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

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

Appointments to the Governing Body

Appointments to the Governing Body are a matter for the consideration of the Governing Body as a whole, though the Search and Governance Committee is responsible for the selection and nomination of any new member for the Governing Body's consideration. This committee ensure that consideration is given to skills sets which would be beneficial to the College in order that the senior managers of the College receive the appropriate challenge and enquiry at meetings.

The Governing Body have an established process for the appointment and induction of governors which ensures that they receive appropriate training. During the year, three new governors were appointed, all independent governors, to replace governors who left during the year.

Governance Statement (continued)

Members of the Governing Body are appointed for a term of office not exceeding four years, and usually complete two terms of office. By exception governors are invited to continue beyond two terms where their expertise is required by the Board, however, no governors exceed the AoC recommended maximum of four terms.

Governor Training

All Board members of Kendal College Corporation are required to undertake regular training both elective and mandatory and the schedule of business includes a bespoke training event that annually includes a safeguarding update. A record of training is held by the Director of Governance that includes both the training event, external training attended by individual governors and on-line modules completed by governors.

Governing Body performance

The Governing Body regularly evaluates its own effectiveness. A process of self-assessment is undertaken annually; using a variety of methods, the Governing Body makes an overall judgement on its performance and the outcome of this review is reported in a self-assessment report. This report is approved by the Governing Board and is then embedded into the overall College self-assessment of leadership and management. Methods include individual governor appraisal, assessment of the Chair's performance, review of performance against key performance indicators and the Code of Good Governance for English Colleges as well as each committee reviewing its performance against its terms of reference. Each committee also prepares an annual report on its activities of the previous year.

In line with the DfE's Governance Handbook 2023, the Governing Body commissioned an external review of the effectiveness of the Board during the year to 31 July 2023. This review was conducted by Perryman, Yeadle and Associates Limited in May 2023 and concluded that "there is strong evidence that the Board is effective and consistently impacts positively on College effectiveness and outcomes". The outcomes of the report were input into the College improvement plan. The outcomes of the report were inputted and formed part of the College and governance self-assessment and subsequent improvement plan. A further external review is scheduled to be undertaken during the 2025-26 academic year.

The Governing Body self-assessed its performance against its standing orders, terms of reference and English College's Code of Good Governance in October 2025; this identified the strengths and weaknesses of the Board and forms the basis for a quality improvement plan.

Search and Governance Committee

The Search and Governance Committee comprises five members of the Governing Body and operates in accordance with written terms of reference, approved by the Governing Board.

The Committee meets on a termly basis to advise the Governing Board on the appointment and re-appointment of eligible members; to consider the composition and balance of the Governing Body and its committees; undertake regular skills audits and devise and implement a Governor Development & Improvement Plan to address identified skills gaps; monitor governor attendance and monitor the Board's compliance with statutory requirements, including instrument and articles of governance and the AoC Good Governance for English Colleges guidance.

Governance Statement (continued)

Committee member	Meetings attended (Out of a possible)
Jane Barker	100% (2 out of 2)
Kevin Boles	100% (3 out of 3)
Ben Matthews	100% (3 out of 3)
Kelvin Nash	100% (3 out of 3)
Jon Thedham	100% (1 out of 1)
Rob Trimble	100% (2 out of 2)

With effect from 2024-25, the Search and Governance Committee also held one remuneration meeting per year with the purpose of making recommendations to the Board on the remuneration of the designated senior post-holders, including Principal and Director of Governance, in line with the AoC's Senior Staff Remuneration Code as well as reviewing their performance.

Details of remuneration for the year ended 31 July 2025 are set out in note 6 to the financial statements.

Audit and Risk Committee

The Audit and Risk Committee comprises a minimum of three and no more than four members of the Governing Body (excluding the Accounting Officer and Chair), and finance and audit specialists as co-opted members. The Committee operates in accordance with written terms of reference approved by the Governing Board.

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

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

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

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

The Audit and Risk Committee met four times in the year to 31 July 2025. The members of the Committee and their attendance records are shown below:

Committee member	Meetings attended (Out of a possible)
Neil Boggin (Chair)	100% (4 out of 4)
Elaine Davies	100% (4 out of 4)
John Mansergh (Vice Chair)	100% (4 out of 4)
Richard Quinn	100% (4 out of 4)

Governance Statement (continued)

Finance and Resources Committee

The Finance and Resources Committee provide additional monitoring of financial resilience for the Governing Board. In accordance with written terms of reference, approved by the Governing Board, the Committee are responsible for overseeing and undertaking delegated decisions in relation to finance, resources, human resources and business planning matters on behalf of the Governing Body with a view to ensuring that the operations of the College are efficient, effective and prudent. The Committee meets at least termly and comprises a minimum of two governors, with the option for the Governing Board to co-opt additional members, the group may also be supported by advisors or third-party specialists, as appropriate.

The Finance & Resources Committee met four times in the year to 31 July 2025. The members of the Committee and their attendance records are shown below:

Committee member	Meetings attended (Out of a possible)
Neil Boggin	88% (7 out of 8)
Elaine Davies	88% (7 out of 8)
Kelvin Nash	100% (7 out of 7)
John Mansergh (Chair)	100% (8 out of 8)
Richard Quinn	63% (5 out of 8)
Jon Thedham (resigned 31/12/2024)	33% (1 out of 3)
Robert Trimble	100% (5 out of 5)

Quality and Curriculum Working Group

The Quality and Curriculum Working Group was established in November 2023 to provide additional support in achieving excellence in teaching and learning. The group, which comprises a minimum of two governors and can co-opt additional members, meets at least once each half term.

The Quality and Curriculum Working Group is responsible for ensuring that the policies, procedures and practices are in place to provide the Corporation with assurance that the College will reach an Ofsted judgement of 'good' or better at the next inspection and to provide strategic oversight of the quality and curriculum improvements made by the College in response to Ofsted Judgements of October 2023.

During the year to 31 July 2025, the working group met eight times:

Committee member	Meetings attended (Out of a possible)
Neil Boggin	100% (6 out of 6)
Kevin Boles	58% (4 out of 7)
John Mansergh	88% (7 out of 8)
Jane McCormick	100% (1 out of 1)
Kelvin Nash	50% (3 out of 6)
Jon Thedham	100% (3 out of 3)
Andrew Lord	100% (7 out of 7)

With effect from 2024-25, a Quality and Standards Committee has been established to provide formal and permanent oversight of all aspects of student experience. The full terms of reference for this committee are shared on the College website.

Governance Statement (continued)

Internal Control

Scope of Responsibility

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

The Governing Body 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/ Financial Agreement between Kendal College and the funding body and the OfS registration conditions. They are also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievements of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control manages risk to a reasonable level, rather than eliminating all; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control has been in place at Kendal College for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

The Governing Body 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 these risks. This review included consideration of the arrangements for ensuring that the College complies with legal and regulatory requirements including those relating to the regularity and propriety of the use of the public funding.

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

The Risk and Control Framework

Where possible, systems and processes of internal control are implemented in response to identified risks to mitigate any potential impact on the College.

Governance Statement (continued)

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Governing Body;
- regular reviews by the Governing Body of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- clearly defined financial delegation limits;
- the adoption of formal project management disciplines, where appropriate.

The effectiveness of such systems of internal control are subject to review by the College's internal auditors and an annual review undertaken by the Governing Body.

Kendal College has engaged an internal audit service, which operates in accordance with the requirements of the DfE College's Financial Handbook. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Governing Body on the recommendation of the Audit and Risk committee. At minimum annually, the Head of Internal Audit (HIA) provides the Governing Body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks Faced by the Governing Body

The process adopted by the Governing Body to identify, evaluate and manage risks and details of the key risks to which the Corporation is exposed are outlined on pages 12 and 13.

Control Weaknesses Identified

During the year to 31 July 2024, a number of purchases and contract awards did not fully adhere with the College's approved Financial Regulations and one contract was entered into without a formal tender process being completed. During the year to 31 July 2025, the Governing Body employed an independent third party to undertake further investigations into the circumstances surrounding these instances of non-compliance and to make recommendations to enable the College to bring its procurement processes in line with best practice. Following the receipt of this report, a comprehensive action plan was produced and performance against this is being monitored by the Audit and Risk Committee, reporting to the Governing Board. As a result, the Finance and Resources Committee completed a review of the Tender and Contracts Register and the College is now working with external tendering specialists to strengthen procurement practice and ensure full compliance with sector and statutory guidelines. Framework agreements are being effectively utilised to secure best value, enhance transparency, and provide additional capacity to support internal teams. A further review to assess ongoing compliance and impact is scheduled for 2026.

Governance Statement (continued)

In addition, during the year to 31 July 2025, internal audit reviews were conducted into the College's approach to curriculum planning, data security, apprenticeship delivery models, senior post holder key performance indicators and risk management. Several low and medium priority recommendations were made to the audit and risk committee and then through to the Corporation. The senior leadership team have addressed all actions in year.

A follow-up review of management progress with implementing and closing down the internal audit recommendations is undertaken by the internal audit team annually. At the end of 2024/25, ICCA were able to provide the Audit Committee with Substantial Assurance that progress with implementing previously agreed internal audit recommendations has been timely and effective. the outcome of this review is reported to the Audit and Risk Committee. 88% of the previously agreed recommendations were found to have been fully implemented by management.

Responsibilities under Accountability Agreements

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

Statement from the Audit and Risk Committee

The Audit & Risk Committee has advised the Governing Body that the Corporation has an effective framework for governance and risk management in place based upon its programme of internal reviews and deep dives. The Audit & Risk Committee believes the corporation has effective internal controls in place.

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

- Assess and advise on the adequacy and effectiveness of the College's assurance arrangements, framework of governance, risk management and control and processes for the effective and efficient uses of resources, solvency of the College and safeguarding of its assets;
- Advise on the appointment, reappointment and remuneration of the internal auditors, external auditors, reporting accountant and other assurance providers including tendering for internal audit services for the four-year period from 1 September 2025;
- Review and consider reports of the external auditor, reporting accountant, internal audit and other assurance providers;
- Monitor the implementation of audit recommendations to agree timescales;
- Oversee policies and processes on fraud, irregularity, impropriety and whistleblowing; and
- Monitor compliance with GDPR and health and safety legislation.

Review of Effectiveness

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

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

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

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

The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control.

The Governing Board's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its October 2025 meeting, the Governing Board carried out the annual assessment for the year ended 31 July 2025 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2025.

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

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



R Trimble
Chair of Governors



J Turton
Accounting Officer

Statement of Regularity, Propriety and Compliance

As accounting officer of the Corporation of Kendal College I confirm that I have had due regard to the framework of authorities governing regularity, propriety and compliance, including the College's accountability agreement with DfE, and the requirements of the College Financial Handbook. I have also considered my responsibility to notify the Corporation's board of governors and DfE of material irregularity, impropriety and noncompliance with terms and conditions of all funding. I confirm that I, and the Board of governors, are able to identify any material irregular or improper use of all funds by the Corporation, or material non-compliance with the framework of authorities.

I confirm that no instances of material irregularity, impropriety, funding non-compliance, or non-compliance with the framework of authorities have been discovered during the year to 31 July 2025 or up to the date of this statement. If any instances are identified after the date of this statement, these will be notified to the Governing Board and DfE.



J Turton
Accounting Officer
10 December 2025

Statement of 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.



R Trimble
Chair of Governors
10 December 2025

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

In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate; and
- 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 strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that all the funds from the ESFA, DfE, and any other public funds, are used only in accordance with the accountability agreement, funding agreements and contracts and any other conditions, that may be prescribed from time to time by the DfE, or any other public funder, including that any transactions entered into by the Corporation are within the delegated authorities set out in the College Financial Handbook. On behalf of the Corporation, the Chair of Governors is responsible for discussing the Accounting Officer's Statement of Regularity, Propriety and Compliance with the Accounting Officer.

Statement of Responsibilities of the Members of The Corporation

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

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



R Trimble
Chair of Governors

Independent Auditor's Report to the Corporation of Kendal College

Opinion

We have audited the financial statements of Kendal College (the "College") for the year ended 31 July 2025 which comprise the College Statement of comprehensive income, the College Statement of changes in reserves, the College Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Statement of Recommended Practice: Accounting for Further and Higher Education and the DfE College Accounts Direction 2024 to 2025.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 July 2025 and of the College's total comprehensive surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Statement of Recommended Practice: Accounting for Further and Higher Education and the College Accounts Direction issued by the Office for Students and the College Accounts Direction 2024 to 2025 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

Independent Auditor's Report to the Corporation of Kendal College (continued)

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

Other information

The Members of the Corporation are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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

In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), and the 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

In the light of our knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Corporation's report including the Strategic report.

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

- the College has not kept adequate accounting records; or
- the College financial statements are not in agreement with the accounting records and returns; or
- all the information and explanations required for the audit were not received; or
- the going concern basis of accounting and disclosure of material uncertainties is appropriate.

Independent Auditor's Report to the Corporation of Kendal College (continued)

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

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

Responsibilities of the Governing Body of Kendal College

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

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the responsible individual ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Corporation through discussions with the Corporation and other management;

Independent Auditor's Report to the Corporation of Kendal College (continued)

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operation of the company;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management;
- identified laws and regulations were communicated within the audit team regularly and the team; and
- remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Corporation's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- tested the operating effectiveness of key controls over purchase cycles on a sample basis;
- reviewed the application of accounting policies including the application of capitalisation of tangible assets, and timing of recognition of grant income; and
- considered fraud during our work on regularity, propriety and compliance.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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

Independent Auditor's Report to the Corporation of Kendal College (continued)

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Department for Education and our engagement letter dated 27 July 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.

Armstrong Watson Audit Limited

Armstrong Watson Audit Limited (Dec 17, 2025 14:47:35 GMT)

Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
Carlisle

Date: 10 December 2025

Reporting Accountant's Assurance Report on Regularity

To: The Corporation of Kendal College and Secretary of State for Education

In accordance with the terms of our engagement letter dated 27 July 2023 and further to the requirements of the Department for Education (DfE), as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Colleges, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects, the expenditure disbursed and income received by Kendal College during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes identified by Parliament or the financial transactions do not conform to the authorities which govern them.

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

Respective responsibilities of the Accounting Officer of Kendal College and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Corporation's accountability agreement with the Secretary of State for Education and the College Finance Handbook, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and that 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 extant Framework and Guide for External Auditors and Reporting Accountants of Colleges. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 have not been applied 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 Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by the DfE which requires a limited assurance engagement as set out in our engagement letter. 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.

Reporting Accountant's Assurance Report on Regularity (continued)

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.

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

The work undertaken to draw our conclusion includes:

- A review of the accuracy of the Corporation's self-assessment of compliance with regularity and propriety requirements and review of appropriate evidence and documentation.
- Review of expenditure systems for compliance with corporation policy and scheme of delegation.
- Consideration of staff expense claims in line with policy.
- Review of procedures in respect of government procurement cards.
- Review of Corporation minutes.
- Consideration of advisory matters from internal auditors' reports.

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 2024 to 31 July 2025 has not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Signed:

Armstrong Watson Audit Limited

Armstrong Watson Audit Limited (Dec 17, 2025 14:47:35 GMT)

Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
Carlisle

Date: 10 December 2025

Statement of Comprehensive Income and Expenditure

For the year ended 31 July 2025

		Year ended	
	Notes	31 July 2025 £'000	31 July 2024 £'000
Income			
Funding body grants	2	15,416	13,797
Tuition fees and education	3	1,458	1,831
Other income	4	959	928
Investment income	5	82	117
Total income		17,915	16,673
Expenditure			
FRS102 LGPS current service cost	23	69	79
Other staff costs	6	(11,865)	(10,709)
Restructuring costs	6	(67)	-
Total staff costs	6	(11,863)	(10,630)
Other operating expenses	7	(4,267)	(4,350)
Depreciation and amortisation	11, 12	(1,295)	(1,162)
Interest and other finance costs	9	(391)	(254)
Total expenditure		(17,816)	(16,396)
(Deficit) / Surplus before other gains and losses		99	277
Loss on disposal of assets		(16)	(46)
Bad Debts		(211)	-
(Deficit) / Surplus before tax		(128)	231
Taxation	10	-	-
(Deficit) / Surplus for year		(128)	231
Unrealised surplus on revaluation		65	65
Revaluation of defined benefit pension liability	23	(54)	(84)
Total Comprehensive Income		(117)	212
Represented by:			
Restricted comprehensive		-	-
Unrestricted comprehensive		(117)	212
(Deficit) / Surplus for the year		(117)	212

All items of income and expenditure relate to continuing activities.

Balance Sheet as at 31 July 2025

	Notes	2025 £'000	2024 £'000
Fixed Assets			
Tangible fixed assets	11	34,035	33,143
Intangible fixed assets	12	30	47
		34,065	33,190
Current Assets			
Stocks		69	72
Debtors	13	719	945
Cash at bank and in hand	19	2,746	4,128
		3,534	5,145
Current Liabilities			
Creditors – amounts falling due within one year	15	(3,234)	(4,667)
Net Current Liabilities / Assets		300	478
Total Assets less Current Liabilities		34,365	33,668
Creditors – amounts falling due after more than one year	16	(20,411)	(19,515)
Provisions for Liabilities			
Defined benefit pension scheme	18	(12)	(15)
Other provisions	18	(259)	(273)
Total Net Assets		13,683	13,865
Unrestricted Reserves			
Income and Expenditure Reserve		13,065	13,182
Revaluation Reserve		618	683
Total Unrestricted Reserves		13,683	13,865
Restricted Reserves		-	-
Total Reserves		13,683	13,865

The financial statements on pages 39 to 67 were approved and authorised for issue by the Corporation on 10 December 2025 and were signed on its behalf on that date by:



R Trimble
Chair of Governors



J Turton
Accounting Officer

College Statement of Changes in Reserves

	Income and Expenditure (Restated) £'000	Revaluation Reserve £'000	Restricted Reserve £'000	Total £'000
Balance at 1 August 2023	12,937	748	34	13,719
Surplus/(deficit) from the income and expenditure account for 2023-24	230	-	-	230
Other comprehensive income	(84)	-	-	(84)
Transfers between revaluation and income and expenditure	65	(65)	-	-
Transfers between restricted and unrestricted reserves	34	-	(34)	-
Balance at 31 July 2024	13,182	683	-	13,865
Surplus/(deficit) from the income and expenditure account for 2024-25	(128)	-	-	(128)
Other comprehensive income	(54)	-	-	(54)
Transfers between revaluation and income and expenditure	65	(65)	-	-
Transfers between restricted and unrestricted reserves	-	-	-	-
Total Comprehensive Income for the year	(117)	(65)	-	(182)
Balance at 31 July 2025	13,065	618	-	13,683

Cash Flow Statement

For the Year ended 31 July 2025

	Notes	2025 £'000	2024 £'000
Cash flow from operating activities			
Surplus/(deficit) for the year		(128)	231
Adjustment for non-cash items			
Depreciation		1,294	1,162
Pensions costs less contributions payable		(54)	(69)
Capital grant releases		(935)	(708)
Exceptional costs associated with ceasing T Level Build		-	115
Write-off of prepayment		200	-
Working capital movements			
(Increase)/decrease in stocks		3	(42)
(Increase)/decrease in trade and other debtors		226	98
Increase/(decrease) in trade and other creditors due within one year		(1,708)	(882)
Increase/(decrease) in provisions		(14)	(28)
Taxation		-	-
Adjustment for investing or financing activities			
Investment income		(82)	(117)
Interest payable		379	254
Taxation paid		-	-
Loss on disposal of fixed assets		16	46
Net cash flow from operating activities		(803)	60
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	2
Increase/(decrease) in receipts in advance due in over one year		304	-
Payments made to acquire fixed assets		(2,384)	(4,118)
Increase/(decrease) in creditors due within one year		(631)	638
Increase / (decrease) in deferred capital grants		1,683	837
Capital grants received in advance		817	1,088
Investment income		82	117
		(129)	(1,436)
Cash flows from financing activities			
Interest paid		(379)	(254)
Increase/(decrease) in interest creditor		34	6
New secured loans		-	4,549
Repayments of amounts borrowed		(105)	(1,597)
		(450)	2,698
Increase / (decrease) in cash and cash equivalents	19	(1,382)	1,328
Cash and cash equivalents at beginning of the year		4,128	2,800
Cash and cash equivalents at end of the year		2,746	4,128

Notes to the Financial Statements

1. Statement of accounting policies and estimation techniques

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

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 2024-5](#) 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.

The financial statements are presented in sterling. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Going concern

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

The College currently has £4,797k of loans outstanding with bankers, on terms negotiated in 2024, secured by a fixed charge on the Milnthorpe Road Campus. The term of this loan is for 25 years. The College's forecasts and financial projections indicate that it will be able to operate within its operating cash balances and covenants for the foreseeable future.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have, therefore, prepared these statements on a going concern basis.

Notes to the Financial Statements (continued)

Recognition of income

Revenue grant funding

Government revenue grants, including funding body recurrent grants and other grants, are accounted for under the accrual model, as permitted by FRS102, and are recognised where a reliable estimate of the fair value of the asset received or receivable can be made on a systematic basis over the periods in which the related costs for which the grant compensates are recognised.

Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved.

- 16 – 18 learner responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments and is recognised when receivable.
- Levy-funded and ESFA funding for co-investment model apprenticeships income is measured in line with best estimates of the provision delivered in the year.
- The recurrent grant from OFS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income when received or receivable.
- Adult Education Budget (AEB) grant funding income recognised is a best estimate of the amount receivable in accordance with the annual main funding guidance published by the ESFA and either determined as part of the reconciliation process or by separate agreement between the College and the ESFA at the reporting period end date. Any subsequent agreement to determination of the AEB funding after the reporting end date which is not provided for in the annual main funding guidance is not reflected in the income recognised.

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

Grants from non-government sources, including grants relating to assets, are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as the conditions are met.

Capital grant funding

Government capital grants for assets are accounted for under the accruals model, as permitted by FRS102. The grant income received, or receivable is held within creditors as deferred income and released to income over the expected useful life of the asset.

Other, non-governmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Notes to the Financial Statements (continued)

Fee income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

Investment income

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

Agency arrangements

The College acts as an agency in distributing certain discretionary support funds, including bursaries received from the ESFA and DfE. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Accounting for post-employment benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Cumbria County Council Local Government Pension Scheme (LGPS)

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

The net interest cost on the net defined benefit liability/asset is charged to 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.

Notes to the Financial Statements (continued)

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

Short term employment benefits

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

Enhanced pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to comprehensive income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet.

Tangible fixed assets

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

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

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Building improvements made since incorporation are included in the balance sheet at cost.

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

Freehold buildings are depreciated over their expected useful economic life to the College of between 5 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 5 and 50 years.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996 as deemed cost, but not to adopt a policy of revaluations of these properties in the future.

Notes to the Financial Statements (continued)

Long leasehold

Land and buildings held under long leases, where the 'risks and rewards' of ownership have passed to the College are included on the balance sheet at their fair value and depreciated over the period of the lease, up to a maximum 120 years. Fair values are determined by reference to professional valuations taking into account the specialist nature of the properties - a depreciated replacement cost basis is used.

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 or £5,000 per group of related items is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

- Technical or other equipment – 5 to 10 years
- Motor vehicles – 4 to 10 years
- Computer equipment – 3 to 8 years
- Furniture, fixtures and fittings – 10 years
- Solar panels – 25 years

Equipment inherited from the local education authority is included in the balance sheet at valuation. This equipment was depreciated on a straight-line basis over its remaining useful economic life to the College, of between one and three years from incorporation, and is now fully depreciated.

Heritage Assets

Heritage Assets are works of art and other valuable artefacts, held principally for their contribution to knowledge and culture rather than for the College's operational use. Heritage assets, acquired or donated, and valued over £1,000 have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable.

Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

Intangible assets

Intangible assets meeting the recognition criteria of section 18 of FRS102, and costing £1,000 or more, are capitalised on the balance sheet and amortised on a straight-line basis over their useful economic life. Such assets include software development in relation to the College website and systems implementation. Amortisation periods range between 3 to 5 years.

Notes to the Financial Statements (continued)

Subsequent expenditure on existing fixed assets

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

Grant Funded Assets

Where a tangible fixed asset, including land and buildings, is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy. The related grant is credited to a deferred capital grant account within creditors and released to the statement of comprehensive income over the expected useful economic life of the related equipment, on a systematic basis consistent with the depreciation policy.

Asset impairment

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

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market review for leases signed before 1st August 2014.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases. The College does not hold any assets under finance leases.

Inventories

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

Notes to the Financial Statements (continued)

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 equities

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

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Taxation

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

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

Provisions and Contingent Liabilities

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

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

Notes to the Financial Statements (continued)

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

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimate and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

- Determining whether leases entered into by the College as either 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; and
- Determining whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Estimating the level of Holiday Pay accrual based on historic average number of days untaken holiday entitlement at 31 July 2025.

Other key sources of estimation uncertainty include:

- Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- The present value of the Local Government Pension Scheme defined benefit asset/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 23 will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 to value the pensions liability at 31 July 2025. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Financial Statements (continued)

2. Funding body grants

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Recurrent grants		
ESFA 16-18	9,765	8,914
ESFA adult education budget	975	984
ESFA apprenticeships (funded)	2,875	2,676
Office for students	44	46
Specific grants		
Teachers' Pension Scheme contribution grant	663	469
Releases of government capital grants	935	708
Other funds	159	-
Total	15,416	13,797

3. Tuition fees and education contracts

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Tuition fees	592	632
Advanced Learner Loans	733	130
Education contracts	133	1,068
Total	1,458	1,830

3.A. Total grant and fee income

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Grant income from Office for Students	45	46
Grant income from other bodies	15,371	13,751
Total Funding Body Grants	15,416	13,797

4. Other income

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Catering	481	470
Other income generating activities	120	131
Miscellaneous income	358	327
Total	959	928

Notes to the Financial Statements (continued)

5. Investment income

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Income from bank deposits	82	117
Total	82	117

6. Staff costs

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

	Year ended 31 July 2025 No.	Year ended 31 July 2024 No.
Teaching and teaching-support staff	228	230
Non-teaching staff	117	100
	345	330

The average FTE number of staff employed by the College in the year ended 31 July 2025 was 228 (2024: 240).

Staff costs for the above persons

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Wages and salaries	8,106	7,669
Casual staffing	447	307
Social security costs	898	753
Other pension costs	1,969	1,685
Payroll sub total	11,420	10,414
Contracted out staffing	376	216
	11,796	10,630
Restructuring costs – contractual	67	-
Restructuring costs – non contractual	-	-
Total staff costs	11,863	10,630

Included within social security costs is £27,600 (2024: £25,421) in respect of the Apprentice Levy.

Key management personnel

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

Notes to the Financial Statements (continued)

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

	At 31 July 2025 No.	At 31 July 2024 No.
The number of key management personnel at the year-end including the Accounting Officer was:	8	7

No management posts were vacant at 31 July 2025 (2024: one).

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

Key management personnel		
	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
£0 to £45,000 p.a.	2	1
£45,001 to £50,000 p.a.	1	1
£50,001 to £55,000 p.a.	-	1
£55,001 to £60,000 p.a.	1	-
£60,001 to £65,000 p.a.	1	1
£65,001 to £70,000 p.a.	-	1
£70,001 to £75,000 p.a.	-	2
£80,001 to £85,000 p.a.	2	-
£100,001 to £150,000 p.a.	1	1
	8	8

No other staff received emoluments in excess of £60,000 p.a.

Key management personnel compensation is made up as follows:

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Basic salary (gross of salary sacrifice)	497	516
Performance related pay and bonus	-	-
Benefits in kind	2	2
Restructuring costs – redundancy payment	-	-
Employer National Insurance	63	62
Pension contributions	133	122
Total key management personnel compensation	695	702

Up to 31 July 2025, there was a healthcare scheme in place for the Principal only, this is accounted for as a benefit in kind. This scheme has been brought to an end with effect from 1 August 2025.



Notes to the Financial Statements (continued)

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

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Basic salary	121	120
Performance related pay and bonus	-	-
Benefits in kind	2	2
Employer National Insurance	16	16
Pension contributions	35	30
Total key management personnel compensation	174	168

The Governing Body has adopted AoC's Senior Staff Remuneration Code and assesses pay in line with its principles. The remuneration for key management personnel, including the Accounting Officer, was determined at the Search and Governance Committee in their meeting of 25 June 2025; board minute no.3 recorded that a pay award equivalent to £750 was to be applied. For all other College employees, the pay award agreed with unions provided a fixed monetary increase to full time equivalent salaries on a sliding scale between £1,482 (for the lowest paid staff) and £750 (management staff), effective from 1 April 2025. Factors taken into account in agreeing the Accounting Officer's remuneration included achievement of performance targets and reference to the AoC pay recommendation, to ensure the salary was in line with sector norms. The Accounting Officer was not involved in the setting of his own remuneration.

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

	Year ended 31 July 2025	Year ended 31 July 2024
Basic salary as a multiple of median basic salary of staff	3.26	3.57
Total remuneration as a multiple of median total remuneration of staff	3.50	3.81

For the purposes of this calculation, the costs associated with all staff directly employed by the College, including those on variable hours contracts, have been included. Costs associated with agency staff have been excluded.

No compensation payments have been made to former key management personnel in relation to loss of office during this period, or the prior period.

Notes to the Financial Statements (continued)

Governors' remuneration

The Accounting Officer and the staff members only receive remuneration in respect of services they provide undertaking their roles of Principal and staff member under contracts of employment with the College and not in respect of their roles as Governors.

The other members of the Corporation did not receive any payments from the College in respect of their roles as Governors.

During the year to 31 July 2025, one governor was reimbursed for out-of-pocket expenses of £448 relating to travel and accommodation (2023: £65).

7. Other Operating Expenses

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Teaching costs	1,506	1,660
Non-teaching costs	1,725	1,826
Premises costs	1,036	864
Total	4,267	4,350

Deficit / surplus is stated after charging (crediting):

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Auditors' remuneration:		
Financial statements audit	42	39
Teachers' Pension audit	3	3
Other audit works	6	-
Internal audit	16	16
Loss on disposal of fixed assets	16	46
Hire of assets under operating leases	87	82
Exceptional costs: aborted T Level Animal Care build	-	114
Bad Debts	211	-

8. Write offs, losses, guarantees, letters of comfort, compensation

The College has operated within the delegated limits during the period and with due regard to its obligations under Managing Public Money.

The College received DfE approval to write-off one debt during the period at a value of £10k. This related to an overpayment of wages to a member of staff after their departure from the College and was requested after all reasonable attempts had been made to recover this debt, including pursuing the debt via legal channels.

Notes to the Financial Statements (continued)

During the year to 31 July 2025, bad debt write-offs amounting to £200k arose as a result of a supplier entering into voluntary liquidation prior to delivering equipment and works prepaid for by the College. The College had engaged this supplier to develop a new film studio provision at the Westmorland Campus and had paid £217,595 for equipment and furniture as well as design and build works; limited building works were completed but no equipment has been received. The College is liaising with the liquidators but has been advised that it is unlikely to recover the funds and has therefore recognised a loss in relation to the write-off of the prepayment and the impairment of the asset under construction. Whilst the DfE have advised that they are unable to approve any write-off prior to the completion of the liquidation process, which is not expected to conclude until 2026, they have agreed this accounting treatment.

The purchase of the film studio was grant funded and a corresponding £200k is included within capital grant releases. The College will continue to liaise with the DfE as the liquidation process progresses.

9. Interest and other finance costs

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
On bank loans and overdrafts	379	244
Net interest on defined pension liability (note 23)	(11)	(13)
FRS102 administrative costs	23	23
Total	391	254

10. Taxation

The Governing Body do not believe that the College is liable for Corporation Tax arising out of its activities during the year.

Notes to the Financial Statements (continued)

11. Tangible Fixed Assets

	Land and Buildings Freehold £'000	Long leasehold £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 31 August 2024	28,898	10,197	5,413	762	45,270
Additions	316	122	388	1,449	2,275
Transfers	-	2,211	(102)	(2,109)	-
Disposals	-	-	(303)	(85)	(388)
At 31 July 2025	29,214	12,530	5,396	17	47,157
Depreciation					
At 31 August 2024	(8,519)	(172)	(3,436)	-	(12,127)
Charge for the year	(674)	(152)	(451)	-	(1,277)
Elimination in respect of disposals	-	-	282	-	282
At 31 July 2025	(9,193)	(324)	(3,605)	-	(13,122)
Net book value at 31 July 2025	20,021	12,206	1,791	17	34,035
Net book value at 31 July 2024	20,379	10,025	1,977	762	33,143

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future. All College buildings were valued in October 2019 for insurance and reinstatement purposes.

Other tangible fixed assets inherited from the LEA of Incorporation were valued by the College on a depreciated replacement cost basis, with the assistance of independent financial advice.

Included within Freehold Land and Buildings is £175k of land which is not depreciated.

Notes to the Financial Statements (continued)

During the years to 31 July 2024 and 31 July 2025, the College held no assets under a finance lease.

In the year to 31 July 2025, the College disposed of an asset relating to partially completed building works for the development of a film studio at the Westmorland Campus after the supplier engaged to undertake these works entered voluntary liquidation before completion.

12. Intangible Fixed Assets

	Software £'000
Cost	
At 1 August 2024	119
Additions	-
Disposals	-
At 31 July 2025	119
Amortisation	
At 1 August 2024	(72)
Charge for the year	(17)
Elimination in respect of disposals	-
At 31 July 2025	(89)
Carried forward as at 31 July 2025	30
Carried forward as at 31 July 2024	47

13. Trade and other receivables

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Amounts falling due within one year:		
Trade receivables	66	140
Prepayments and accrued income	346	453
Amounts owed by the ESFA	298	342
Other debtors	9	10
Total	719	945

14. Current investments

The College did not hold any deposits with more than three months maturity at either 31 July 2025 or 31 July 2024.

Notes to the Financial Statements (continued)

15. Creditors: amounts falling due within one year

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Bank loans and overdrafts	116	103
Payments received in advance	756	1,838
Trade payables	226	993
Learning Support Fund (LSF) creditor	161	159
Other taxation and social security	231	183
Accruals and deferred income	1,022	720
Deferred income – government capital grants	722	671
Total	3,234	4,667

Included within accruals is a holiday pay accrual for £441,711, this represents the cost of accrued holiday entitlements not yet taken by members of staff at 31 July 2025 (2024: £337,749). The majority of this holiday entitlement was taken over August 2025 and the College does not expect a cash outlay in relation to this figure.

16. Creditors: amounts falling due after one year

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Bank loans and overdrafts	4,681	4,786
Payments received in advance	654	350
Deferred income – government capital grants	15,076	14,379
Total	20,411	19,515

17. Maturity of debt

Bank loans repayable, in instalments falling due between 1 August 2025 and 17 January 2049 totalling £4,455k are secured by a first legal charge on the Milnthorpe Road Campus (2024: £4,515k). Remaining bank loans, repayable in instalments falling due between 1 August 2025 and February 2036 totalling £342k are unsecured (2024: £374k).

a. Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
In one year or less	84	103
Between one and two years	90	109
Between two and five years	306	363
In five years or more	4,317	4,314
Total	4,797	4,889

Notes to the Financial Statements (continued)

The College holds two loans with Natwest Bank:

- The first NatWest bank loan, entered into in 2011, has a term of 25 years and is being paid by instalment until March 2036, at an interest rate of base rate plus 1.45% as well as annual repayments of £32k.
- A second Natwest bank loan was entered into on 17 January 2024; this loan has a term of 25 years and is being repaid in instalments until January 2049. Interest is applied at a rate of bank base rate plus 2.13% and annual repayments total £75k.

18. Provisions

	Defined Benefit Obligations £'000	Enhanced Pensions £'000	Total £'000
At 1 August 2024	(15)	(273)	(288)
Utilised in the year	540	32	572
Additional provision in the year	2,490	(18)	2,472
Asset capping	(3,027)	-	(3,027)
At 31 July 2025	(12)	(259)	(271)

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 23.

The enhanced pension provision relates to the cost of staff who have already left the College's employ. This provision has been recalculated in accordance with the guidance issued by funding bodies.

The principal assumptions for this calculation are:

	Year ended 31 July 2025	Year ended 31 July 2024
Price inflation	5.5%	4.8%
Discount rate	2.7%	2.8%

19. Cash and cash equivalents

	At 1 August 2024 £'000	Cash flows £'000	Other changes £'000	At 31 July 2025 £'000
Cash and cash equivalents	4,128	(1,382)	-	2,746
Total	4,128	(1,382)	-	2,746

Notes to the Financial Statements (continued)

20. Capital and other commitments

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Commitments contracted for at 31 July	92	1,663

21. Lease obligations

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

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Other		
Not later than one year	85	68
Later than one year and not later than five years	200	222
Later than five years	15	47
Total lease payments due	300	337

22. Contingencies

The College is not aware of any contingent liabilities.

23. Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Cumbria Local Government Pension Scheme (LGPS) for non-teaching staff. 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 during the period was as at 31 March 2020 and of the LGPS 31 March 2022.

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Teachers' Pension Scheme: contributions	1,484	1,231
Local Government Pension Scheme		
Contributions paid	536	528
FRS102 service charge	(69)	(79)
Charge to the Statement of Comprehensive Income	1,951	1,680
Enhanced pension charge to the Statement of Comprehensive Income	18	5
Total pension cost for the year within staff costs	1,969	1,685

Notes to the Financial Statements (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

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

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

Valuation of the Teachers' Pension Scheme

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

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

As a result of the valuation, new employer contribution rates were set at 28.68% of pensionable pay from April 2024 onwards (compared to 23.68% up to March 2024).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The DfE pays a teacher pension employer contribution grant to cover the additional pension costs which arose following the 2016 and 2020 valuations and Teachers Pensions Grants of £662,558 were received during the year to 31 July 2025 (2024: £468,733). This funding has been confirmed to the end of the 2025/26 financial year only.

The employer pension costs paid to TPS in the year amounted to £1,483,468 (2024: £1,231,157) and £170k is included within the year-end creditors balance in relation to outstanding contributions to the TPS scheme (2024: £156k).

Notes to the Financial Statements (continued)

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Your Pension Service on behalf of Cumbria County Council. The total contributions made for the year ended 31 July 2025 were £703,252 (2024: £697,004), of which employer's contributions totalled £500,770 (2024: £527,981) and employees' contributions totalled £202,482 (2024: £169,023); £66k is included within the year-end creditors balance in relation to outstanding contributions to the LGPS scheme (2024: £58k).

The agreed contribution rates for future years are 18.6% for the College and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

Principal actuarial assumptions

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

	At 31 July 2025 £'000	At 31 July 2024 £'000
Rates of increase in salaries	4.0%	4.1%
Future pension increases	2.6%	2.7%
Discount rate for scheme liabilities	5.9%	4.9%
Inflation assumption (CPI)	2.5%	2.6%

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

	At 31 July 2025	At 31 July 2024
<i>Retiring today</i>		
Males	21.4	21.4
Females	24.0	23.9
<i>Retiring in 20 years</i>		
Males	22.6	22.7
Females	25.5	25.6

Notes to the Financial Statements (continued)

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

	Fair value at 31 July 2025	Fair value at 31 July 2024 (Restated)
	£'000	£'000
Equity instruments	7,003	6,629
Government bonds	2,759	2,608
Property	1,466	1,413
Cash	193	344
Other	7,872	7,118
Total fair value of plan assets	19,293	18,112
Actual return on plan assets	955	1,259
Expected rate of return for year to 31 July	4.9%	7.68%

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

	At 31 July 2025	At 31 July 2024 (Restated)
	£'000	£'000
Fair value of plan assets	19,293	18,112
Present value of plan liabilities	(13,957)	(15,803)
Present value of unfunded liabilities	(12)	(15)
Asset valuation ceiling cap	(5,336)	(2,112)
Net pensions asset	(12)	(15)

The LGPS was last valued as at 31 March 2022; this valuation informed the employer contribution rates applied from 1 April 2023 to 31 March 2025. The current contribution rate of 18.6% will not be adjusted for the movement in the fair value of the plan. As no economic benefit will be derived from the change in the fair value of the plan over the period, the value of the asset has been capped.

Amounts recognised in the Statement of Comprehensive Income

Amounts included in staff costs

	Year ended 31 July 2025	Year ended 31 July 2024
	£'000	£'000
Current service cost	471	448
Past service cost	-	-
Total	471	448

Notes to the Financial Statements (continued)

Amounts included in interest and other finance costs

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Interest costs	(11)	(13)
Administrative costs	23	23
Total	12	10

Amounts recognised in Other Comprehensive Income

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Remeasurement of plan assets	(62)	(621)
Experience losses arising on defined benefit obligations	153	(68)
Changes in assumptions underlying present value of plan liabilities	(2,951)	239
Asset valuation ceiling cap	2,914	534
Amount recognised in Other Comprehensive Income	54	84

Movement in net defined benefit (liability) / asset during the year

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Net defined benefit (liability) / asset at 1 August	(15)	-
Movement in year:		
Current service cost	(471)	(448)
Employer contributions	540	527
Past service cost	-	-
Net interest	11	13
Actuarial gain or loss	2,798	(171)
Asset valuation ceiling cap	(2,914)	(534)
Remeasurement of plan assets	62	621
Admin expenses	(23)	(23)
Net defined benefit (liability) / asset at 31 July	(12)	(15)

Notes to the Financial Statements (continued)

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Defined benefit obligations at 1 August	15,818	14,411
Current service cost	471	448
Interest cost	770	737
Contributions by scheme participants	171	169
Experience gains and losses on defined benefit obligations	153	(68)
Changes in financial assumptions	(2,951)	239
Estimated benefits paid	(463)	(118)
Defined benefit obligations at 31 July	13,969	15,818

Changes in fair value of plan assets

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 (Restated) £'000
Fair value of plan assets at 1 August	18,112	16,100
Interest on plan assets	894	836
Administration expenses	(23)	(23)
Remeasurement of assets	62	621
Employer contributions	540	527
Contributions by scheme participants	171	169
Estimated benefits paid	(463)	(118)
Fair value of plan assets at 31 July	19,293	18,112

There has been substantial volatility in financial markets and bonds in recent periods, this has consequences for asset values and liabilities. The actuarial valuation performed for the purposes of the statutory accounts identified an accounting surplus for the College at 31 July 2025 in relation to its funded benefits. However, as no economic benefit will be received from this asset, it has not been recognised. The value of the LGPS defined benefit scheme relating to the funded benefit obligations of College at 31 July 2025 has been capped at £nil (2024: £nil).

24. Related party transactions

Due to the nature of the College's operations and the composition of the Governing Body being drawn from local public and private sector organisations, it is possible that transactions will take place with organisations in which a member of the Governing Body may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Notes to the Financial Statements (continued)

Governors' expenses claimed from the College in the year were £448 (2024: £65).

No governor has received any remuneration or waived payments from the College during the year (2024: none).

There were no other related party transactions during the period.

25. Amounts disbursed as agent – Learner support funds

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Balance brought forward	159	196
Accounting adjustments for prior years	-	-
16-18 bursary grants	279	246
Other funding body grants	29	36
Interest earned	-	-
	467	479
Disbursed to students	(271)	(281)
Administration costs	(13)	(13)
Retained funds and clawbacks	(22)	(26)
Balance unspent as at 31 July, included in creditors	161	159

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

26. Events after the reporting period

There have been no reportable events up to the date of the signing of the accounts.